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FINAL THESIS

***DECISION MAKING AND RESULTS ANALYSIS OF THE
MANAGEMENT OF FINANCE DEPARTMENT OF CORIA LTD.
COMPANY IN THE MARKET SEJD1920B***

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Abstract.

The final thesis represents the culmination of the bachelor's degree. Thus, it aims to evaluate the knowledge acquired by the student throughout his or her studies. To this end, each student has been assigned to a functional area of a company to manage, being the financial department in this case. Consequently, this project describes the student's performance as the chief financial officer of Coria Ltd., the company assigned to the student. Towards this aim, the final thesis encompasses three different sections: a description of the formal aspects of the Coria Ltd. as well as the market in which it operates, an overview of the functioning of the financial department, and a detailed analysis of decision-making process as well as the outcomes obtained from a theoretical framework.

Key words: financial management, decision making, CFO, financial ratios, and financial statements.

Resumen.

El trabajo fin de grado supone la culminación de la etapa universitaria. Así pues, su objetivo es evaluar los conocimientos adquiridos por el estudiante a lo largo de sus estudios universitarios. Con este fin, a cada estudiante se le ha asignado un área funcional a dirigir, siendo en este caso el departamento financiero. Por consiguiente, en este proyecto se describe la gestión del alumno como director financiero de la empresa asignada, Coria Ltd. Con este fin, el trabajo fin de grado engloba tres diferentes secciones: una descripción acerca de los aspectos formales de la empresa Coria Ltd. así como del mercado en el que desarrolla su actividad, una descripción del funcionamiento del departamento financiero, y un análisis detallado de la toma de decisiones, así como los resultados obtenidos desde un marco teórico.

Palabras Clave: dirección financiera, toma de decisiones, director financiero, ratios financieros, y estados contables.

1. Introduction.

The final thesis represents the completion of the student undergraduate studies. Therefore, it aims to ensure that the student has acquired the skills and competencies required for the Bachelor's degree in Business Administration and Management. To this end, Loyola University has decided to approach this important final step in the student university studies from a theoretical-practical perspective by using Gestionet software to simulate the management of a company. Thus, students have been grouped into teams of five or six classmates. Each team has been assigned to a company, Coria Ltd. in this case, to manage and compete in the virtual marketplace.

The virtual marketplace is composed of eight companies belonging to the sports equipment industry, which compete to take over the market. Throughout the simulation process, each student has managed a functional department of the company: the general management, the production department, the human resources department, the marketing department, and the financial department, being in the case of this thesis the last one mentioned. The simulation requires students to analyze and interpret a large amount of information, as well as to work together to make the most appropriate decisions to take over the market. In addition, according to Loyola University, the student must prepare an individual report and then present it to a board of professors specialized in the field.

The report is composed of three main sections. It will start with a description of the company managed by the student, Coria Ltd., and the market in which it operates. This will be followed by an overview of the functioning of the finance department along with a detailed analysis of the decision-making process and the results obtained. To conclude, a closing statement will be made, which will include a recap on the management of the department and a personal reflection of the student about her experience with the simulator and the elaboration of this report.

Therefore, to sum up, after completing the simulation, writing the report and then presenting it, the student must finish her undergraduate studies with the following skills:

- To be able to apply her knowledge in her future job in a professional manner.
- The ability to gather and interpret relevant data.

- Being able to choose the best possible option for action by using a systematic process and taking responsibility for the scope and consequences of the choice made.
- Strong verbal communication: express clear ideas, knowledge, and feelings, adjusting to the situation and the audience.
- Strong written communication: relate effectively to other people by communicating clearly by means of writing and graphic support.
- The capability to communicate information, ideas, problems, solutions, as well as a professional opinion regarding a theme to different audiences.
- The ability to relate the knowledge and the skills acquired to a particular target.
- The ability to work in a team.

Furthermore, through the simulation, the student had also gained the following skills regarding financial management, as the student took the role of the chief financial officer (CFO).

- Setting a procedure to manage efficiently the company's financial resources.
- Management of the company's cash and other assets as well as its debt.
- Handle investments in real and financial assets.
- Selection of indicators and key variables to carry out accurate data analysis.
- Analysis of financial statements by the use of financial ratios.
- The analysis of the resulting outcomes and the correction of any deviations that may have occurred.

2. Description of the company and the market.

2.1 Introduction.

The aim of this first section of the final theses is to carry out a comprehensive and detailed description of Coria Ltd. and the market in which it operates, the sports equipment industry. Hence, firstly, it will be explained the main features of the company starting with a brief history. Besides, Coria's Ltd. mission, vision, and values will be presented to understand its reason for existence and the essence of its business, as well as a general description of the firm's identity which includes main data and figures.

Secondly, it will be performed a detailed review of Coria's Ltd. structure which will start with a complex analysis of the sector in which the firm operates. Thus, it will be given information regarding the current state of the sports equipment industry and its main

trends. Subsequently, it will be introduced the product portfolio, its composition as well as the main characteristics of the items that Coria Ltd. commercializes. Furthermore, it will also be explained the resources and capabilities with which the company can develop its transformation activity. Finally, as the last element to point out, the organizational structure and the internal organization of the firm will be explained.

To conclude, the intricacies of the market structure in which Coria Ltd. operates will be analyzed. Specifically, Coria Ltd. develops its activity in three main regions: Europe, North America, and South America. For each one of these areas, it will be provided precise information about the main characteristics of the customers as well as the phase of the product life cycle in which the item is in the area. Last but not least, a brief overview of Coria's Ltd. main customers will be given.

2.2 Coria Ltd.

Figure 1: Logo of the company



Own elaboration.

2.2.1 History.

Coria Ltd. is a Sevillian company specialized in the manufacture and sale of sports equipment. The company was founded in 2010 to empower the Sevillian industry and to confront one of the major diseases that has been growing in the past few years: obesity.

At the very beginning, Coria Ltd. was marketing two products in the province of Seville: the multi-gym and the exercise bike. Nonetheless, its high demand growth in the country together with the shift of the board of directors in July of 2019 resulted in the expansion of the firm not only domestically but across the whole European continent. Soon, this popularity allowed Coria Ltd. to expand its product portfolio to meet the demands of its customers. As a result, the Seville-based company introduced the treadmill to the market in January 2021, and a year later, in January 2022, the elliptical trainer. Moreover, the company is continuing its international expansion. Its major expansion took place in July 2021 and January 2022 when it expanded to South

America and North America respectively. At present, Coria Ltd. trades four different products whose features have made the young company a leader in the industry in both Europe and the American continent.

2.2.2 Coria's Ltd. mission, vision and values.

The mission of a company reflects its identity and personality at the present as well as in the future. An essential aspect to take into account is that the mission must be known by all the members of the organization as it is a statement of beliefs that help to guide and orientate all stakeholders. Consequently, the mission of a company can be defined as a statement of principles through which a company presents itself to the society (Navas López, J.E. & Guerras Martín, L.A.,2013).

There are three fundamentals aspects that the mission of a company must contain: the scope of the firm, identification of its capabilities, and the ingredients of its corporate culture. So, at the time of defining Coria's mission is essential to take into consideration these factors (Navas López, J.E. & Guerras Martín, L.A.,2013). Therefore, Coria Ltd. presents itself to society as the following:

“Coria's Ltd. mission is to provide sports and fitness equipment to individuals and big sports facilities in Europe and America. It compromise with promoting an active and healthy life as well as the best personal assessment to its customers. Designing the best products in terms of price, quality, and innovation will be its primary goal”.

Regarding the vision of a company, it is important to point out that it reflects the firm's trajectory in future time. Additionally, the vision must incorporate a profound sense of success, reflects stability over time, and make the effort of the workforce worthwhile (Navas López, J.E. & Guerras Martín, L.A.,2013). As a result, Coria's Ltd. vision incorporates all three aspects and states the following:

“Coria's Ltd. vision is to be a worldwide company in the fitness equipment within the industry. Coria Ltd. seeks to build a culture of sports in society and, encourage its workforce with greater opportunities for professional and personal development”.

Finally, Coria Ltd. tries to achieve its mission and vision applying the following values which form part of its organizational culture:

- Innovation: Innovation is essential for growth in a competitive environment. Therefore, products must be improved according to the latest findings by reconsidering the current approach.
- Customer focus: Provide users with the finest after-sales service and customize products according to their needs. The aim is to bring to the customers the best experience while they exercise.
- Quality, excellence, and efficiency: Coria Ltd. works to ensure the best price/quality ratio possible. Besides, it pursues excellence and works towards efficiency daily.
- Professional development: Employees are the heart of the company; they make possible the development of daily activity. Therefore, workers shall be offered the highest possible level of training.
- Compromise with the environment: Coria Ltd. is concerned about climate change and the impact of its activity on the environment. Thus, it tries to minimize the wastes of its production process and buys biodegradable raw materials.
- Integrity: All the employees of Coria Ltd. work with honesty and ethics trying to increase the trust within the society. Furthermore, the company works with total transparency towards all its shareholders.

2.2.3 Coria's identity: main data and figures.

The purpose of defining Coria's Ltd. identity is to determine its nature and fundamental characteristics in order to improve the knowledge about the traits defining the firm. Therefore, knowing the identity of Coria Ltd. will help to understand in a better way "the basic strategic support for its competitive strategy" (Navas López, J.E. & Guerras Martín, L.A.,2013).

For defining a firm's identity, the following essential features must be taken into account: age, size, type of ownership, geographical scope, legal structure, and the scope of the firm. Hence, this section gives a wide description of Coria's Ltd. features (Navas López, J.E. & Guerras Martín, L.A.,2013).

Firstly, regarding the age of Coria Ltd., it is necessary to say it was born in 2010 in a complex environment characterized by a high degree of uncertainty and constant changes in the market. A massive economic and financial crisis has just shaken the

entire world. This means that Coria Ltd. must be prepared to adapt itself quickly to the environment to be competitive, and to do so it must also be flexible.

Concerning the size, a company can be classified as large, medium-sized, small, or micro. Coria Ltd. is a large company as its workforce is composed of 989 unionized employees. Also, it has a sales turnover of 250.758.013 euros and a value of 240.093.199 euros in total assets.

According to the type of ownership, companies can be classified as private, public, or mixed. Coria Ltd. is a private company whose ownership belongs to Mubadala Investment Company (82.5%), The Vanguard Group, Inc. (8.88%), and Goldman Sachs (8.62%). Furthermore, Coria Ltd. is a profit-making company, hence, its surpluses are given to the shareholders on the basis that the first step for building significant relationships with them it is essential to pay dividends.

Regarding the geographic scope of a firm, the following distinctions can be made: local, provincial, regional, national, transnational, or international companies. Coria Ltd. is a transnational firm as it operates in Europe, North America, and South America. In addition, it has several facilities located around the world, that is why it is also classified as a multi-plant company. These facilities are dispersed around the different countries where Coria Ltd. develops its main activity.

Concerning the legal structure of a company, the most common forms of business are sole proprietorship, partnership, corporation, and S corporation. Coria Ltd. has the structure of a Limited Company under the current Spanish legislation.

Finally, the last step for defining the identity of Coria Ltd. is to determine the scope of the firm which consists of identifying the customers as well as the product portfolio. Coria Ltd is specialized in the sale of sports and fitness equipment to hotel groups, distributors, and big sports facilities. Its catalog of products is made by the following sports machines: multi-gyms, exercise bikes, treadmills, and elliptical trainers.

2.3 The structure of the company.

2.3.1 The company's sector.

According to the traditional classification of economic activities, Coria Ltd. belongs to the secondary or industrial sector as it carries out the process of manufacturing and assembling fitness machinery. It aims to transform the raw material into goods after completing certain transformation processes. In addition, the sector to which Coria Ltd.

belongs is composed of eight more Sevillian companies as well as other enterprises, previously settled in the industry.

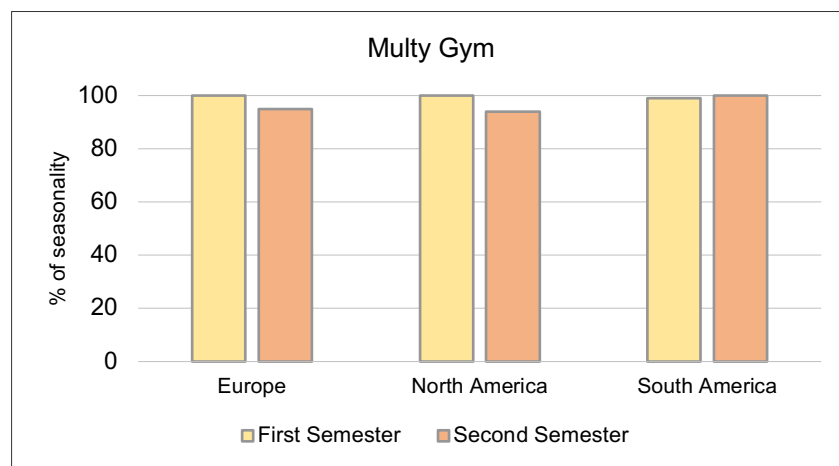
2.3.2 The product portfolio.

As Coria Ltd. grew so it did its product portfolio becoming more diversified and complex. The sevillian started by commercializing the multi-gym and exercise bike. Later on, it introduced the treadmill, January 2021 and, finally, the elliptical trainer, January 2022. In this section, a brief description of the four products that compose Coria's Ltd. product portfolio and the analysis of their seasonality will be performed.

The Multi-Gym.

Multi-gyms are bodybuilding machines that combine several possibilities and advantages of weight training and bench training. They allow users to perform a variety of exercises that work alternatively or simultaneously on the lower and upper extremities. Furthermore, the multi-gym allows several people to be trained at the same time depending on the number of workstations the machine is equipped with, which increases the motivation of the users.

Graph 1: Multi-Gym Seasonality



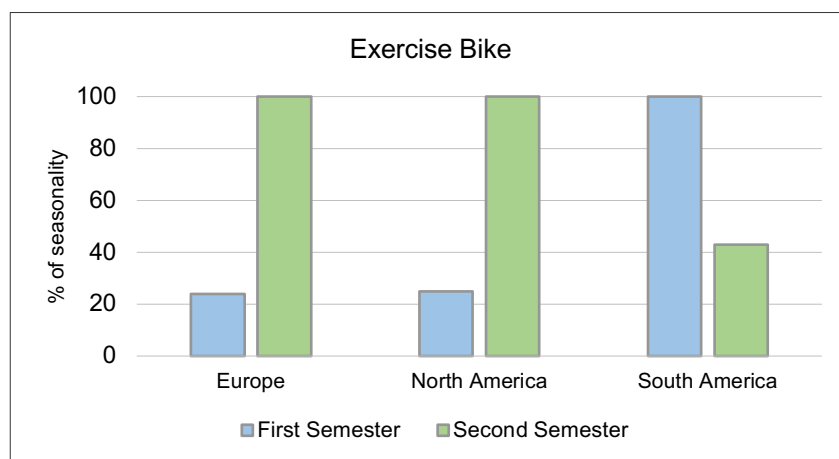
Source: General Department. Own elaboration.

As can be seen in the graph above, the multi-gym experiences a slight seasonality. The demand for the product decreases in a very small percentage from the first semester to the second in both Europe and North America. However, despite the fact in South America the seasonality is minimal, it is higher in the second semester of the year. In any case, these variations are not significant and barely affect the levels of production or sales.

The Exercise Bike.

The exercise bike, or stationary bike, is a sports tool that replicates the movement of a bicycle. Its structure is very similar to conventional bicycles; it has handlebars, saddle, pedals, etc. Its aim is to simulate the use of a bicycle in the open air, and, thus, the pedaling effort executed on both bicycles is very similar. In fact, even training on a motor bicycle or a racing bike can be simulated.

Graph 2: Exercise Bike Seasonality



Source: General Department. Own elaboration.

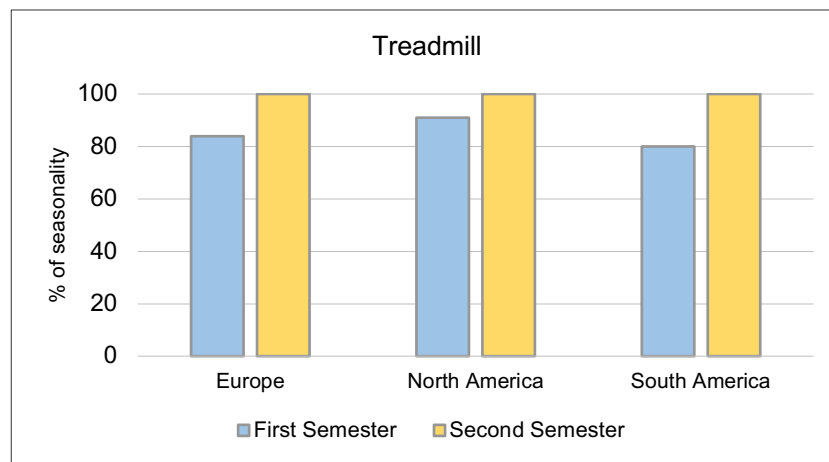
As with the multi-gym, the exercise bike also suffers from seasonality. However, while the seasonality of the multi-gym is very low, the exercise bike experiences a significant increase (up to three times) from one semester to the next in both Europe and North America. In addition, there is also a considerable seasonality in the South American market but smaller than in Europe and North America. Moreover, as can be seen in the graph, while the exercise bike has low demand during the first semester of the year in Europe and North America and high in the second, South America experiences the opposite effect of seasonality. This significant seasonality has a major impact on the levels of production and sales of the product.

The Treadmill.

The treadmill was introduced into the portfolio of Coria Ltd. in January 2021. It is a sports machine that is usually used for walking, running, or climbing while in the same place. It provides most of the benefits of traditional walking or running, such as weight reduction and increased endurance, but is less likely to cause injury. Additionally, as part of the training, it allows adjusting the intensity, duration, and ground

characteristics. On top of that, it is more comfortable than classic walking or running due to the fact that it is height-adjustable and allows the user to train at home.

Graph 3: Treadmill Seasonality



Source: General Department. Own elaboration.

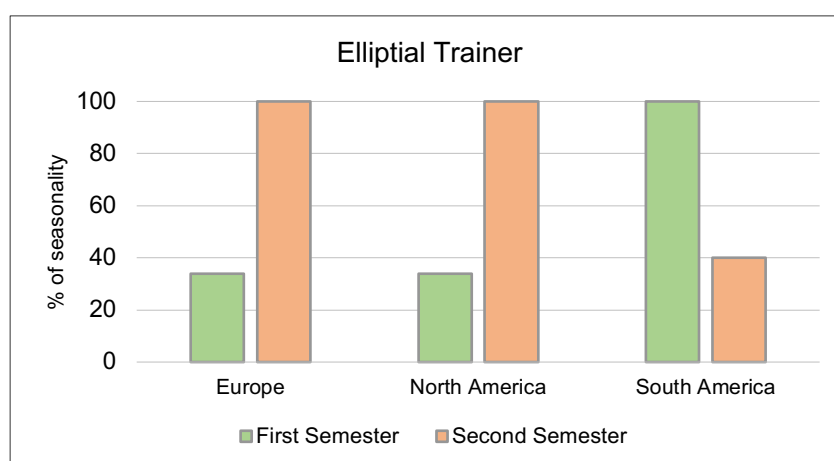
The treadmill also experiences a certain seasonality. Nevertheless, unlike the two previous products mentioned, the multi-gym, and the exercise bike, the seasonality of this product is similar in the three regions where Coria Ltd. operates. As shown in the graph, the demand for the treadmill is higher during the second half of the year in both Europe and the Americas. Nonetheless, the seasonality is not very large, thus its impact on the level of production and sales is low.

The Elliptical Trainer.

An elliptical trainer is training equipment to do aerobic exercise which was added to the portfolio of Coria Ltd. in January 2022. This machine consists of two pedals on which the user is mounted and two vertical bars that are held with the hands to help the propulsive movement of legs, and, thus, facilitate the exercise. The elliptical trainer is a machine designed to simultaneously exercise the muscles of the body smoothly and effortlessly and could be used as an alternative to the conventional bicycle.

As the rest of the products of the portfolio, the elliptical trainer also experiences seasonality. As shown in the graph below, the product has a higher demand in Europe and North America during the second semester of the year, while in South America its demand will be higher in the first semester. Moreover, as with the exercise bike, the variation in demand from one semester to the next is quite significant, and therefore, it has a notable impact on sales and production levels.

Graph 4: Elliptical Trainer Seasonality



Source: General Department. Own elaboration.

2.3.3 Physical and human resources.

Companies strive to compete in the marketplace for the best resources and capabilities. Resources are the set of inputs in the organization's production process that require a capability to be turned into outputs. Therefore, a good combination of resources and capabilities is essential for the survival of any business. Furthermore, it can make an organization gain a competitive advantage against its competitors (Morales Fernández & Ariza Montes, 2015).

The Sevillian sports company is concerned with adapting its products to the needs of its different clients spread all over the world. For this reason, Coria Ltd. invests a great deal in human, financial, technical, physical, and technological resources, among others, to ensure the most suitable products for their customers. As a result, the composition of Coria's Ltd. resources and capabilities is the following.

Firstly, the sports company has a wide range of tangible resources: physical resources, financial resources, and technical resources, which are essential to its business. Regarding physical resources, Coria Ltd. has several lands, warehouses, offices, and transport elements, among others. Its main activity is carried out in the facilities of the San Pablo industrial complex, Seville, where the majority of the sports machines are manufactured. However, despite having several offices in its different delegations worldwide, the main one is also located in Seville, in Plaza Nueva. Furthermore, the company owns several transport vehicles such as commercial cars, trucks, and vans. Additionally, Coria Ltd. possesses a large amount of technical resources. It owns high-quality machinery, mainly for assembly and manufacture of its products. Moreover, its

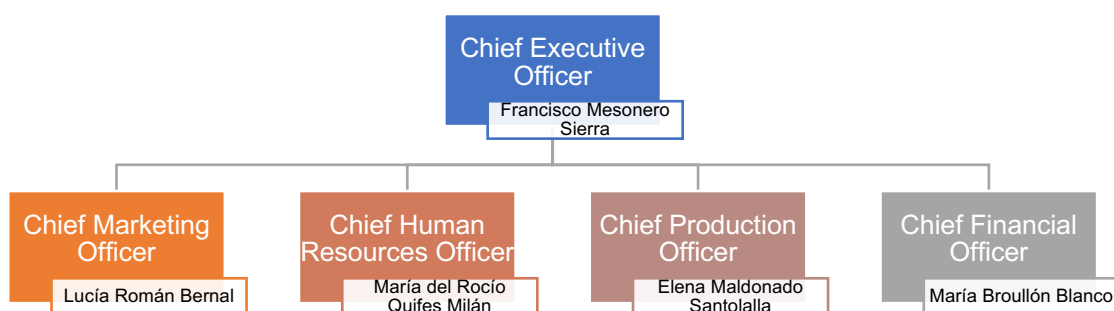
employees are equipped with the required tools to carry out their activities: computers, office material, personal protection, and safety helmets, etc. Lastly, it is necessary to highlight the financial resources of the enterprise which, without them, the viability of the company could not be assured. Despite cash, Coria Ltd. has arranged several financial loans with financial institutions to fund its operations.

Regarding intangible resources, Coria Ltd. has invested not only in product innovation but also in technological resources. Due to the inversion in better production methods and new technologies, the efficiency of the equipment and staff has been improved significantly. Besides, Coria Ltd. also possesses powerful organizational resources such as its brand and the company reputation. Since its origins, Coria Ltd. has worked hard to become a prestigious and world-renowned company that it is today. On top of that, Coria Ltd. has nearly one hundred highly qualified and motivated employees who are in charge of different operating activities.

2.3.4 Organizational structure and internal organization.

The organizational structure of the Sevillian company Coria Ltd. is a functional organization, which means that the employees are organized according to the duties to be performed (Robbins, S.P. & Coulter, M.,2016). The following graph illustrates the current organization chart of Coria Ltd. executive board. The board was established in July 2019.

Figure 2: Executive Board Organizational Chart



Own elaboration.

As shown in the organization chart, Coria Ltd. is divided into two vertical hierarchical levels. On the first level is the Chief Executive Officer (CEO), Mr. Mesonero, who supervises the performance of the four operational departments of the company.

Hence, it can be stated that the headmaster has a span of control of four as it directly oversees four different departments. On the second level, it can be found the four operational departments that are overseen by Mr. Mesonero. These areas are the marketing department, with Ms. Roman as Chief Marketing Officer (CMO), the human resources department, with Ms. Quifes as Chief Human Resource Officer (CHRO), the production department, with Ms. Maldonado as Chief Production Officer (CPO), and the finance department with Ms. Broullon as Chief Financial Officer (CFO). All four operational managers have a background in the departments in which they operate.

Moreover, even though there is a clear hierarchy between the chief executive officer and the rest of the chief operating officers, the company is fairly decentralized, as Mr. Mesonero allows all departments to be advised and delegates decision-making to the managers in question. Furthermore, as the executive board is relatively small, there is plenty of scope for information in both directions, which makes the decision-making process much smoother.

2.4 The sport equipment market.

As already mentioned, Coria Ltd. operates internationally in Europe, North America, and South America. The young Sevillian company started its activity in the province of Seville. However, its rapid success led it to expand quickly not only in Spain but throughout Europe. In July of 2021 Coria Ltd. started to operate in South America, and shortly afterward, in January of 2022 in North America. In each of these markets, there are different types of clients with diverse preferences and purchasing power. In addition, as mentioned in previous sections, each product has a unique seasonality in each market, thus offering an opportunity to balance the company's portfolio. Moreover, each Coria Ltd. product is at a different stage of the product life cycle in each market. Hence, in the following sections, the intricacies of each market will be thoroughly examined to provide a better understanding of the markets Coria Ltd. has expanded into. Moreover, the company's main customers will also be discussed.

2.4.1 Europe.

Europe is the main market in which Coria Ltd. operates and was the market where the company began its international expansion. Therefore, the knowledge of the area is much greater. According to the latest census, the European market is composed of 739 million inhabitants. Apart from a few countries such as the United Kingdom or

Norway, the main currency used is the Euro (€). Therefore, all campaigns and expenses for products sold in Europe will be in this currency unit.

As for the customer profile, most of the European customer is elite. Hence, their concern is for the quality of the product and they are less sensitive to changes in price than other markets as long as the product meets their expectations. In terms of their responsiveness to the media, they are less receptive to it than in other markets. Furthermore, they are equally receptive to the different means of advertising: internet, television, press, and radio.

The European market is diverse, there is a clear demarcation within the population, those who belong to the European Union and those who do not. Hence, due to the products of Coria Ltd. were first marketed in the Schengen area. Once the income received from the sale of the products in this area was stable, the executive board decided to expand to the rest of the European countries that were not part of the customs union, such as Norway, Switzerland and the United Kingdom, among others, which makes the population very culturally diverse. However, despite Europe's multiculturalism, there are many links between the inhabitants of the region. Some of these common features involve a high level of education, which ultimately leads them to understand that in order to have a healthy lifestyle they must exercise, which is in line with the fact that Europe is the region with the longest life expectancy in the world, along with its nutritious diet. It is also relevant to mention that most European citizens are middle class, whose purchasing power allows them to buy Coria Ltd. products at a higher price.

Regarding the life cycles of Coria Ltd. products on the European market are the following. The multi-gym and the exercise bike experienced a slow decline, which means that their sales levels will continue to fall in the coming periods until the product disappears or is radically innovated. Nevertheless, the treadmill and the elliptical trainer follow a different path. Both products are in the expansion stage which suggests that sales losses on the above products could be recovered through these two products. Currently Coria Ltd. markets in Europe the multi-gym, the treadmill, and the elliptical trainer.

2.4.2 North America.

North America is the next largest source of revenue for Coria Ltd. and it's the last region that the company has expanded into. Coria Ltd. started its business activity in this area in January 2022. The North American market is smaller than Europe and is made up of 528 million people with the dollar (\$) as their currency. This fact is relevant since all the investments made in this market will be carried out in the local currency, which is the reason why the exchange rate must be constantly revised to adjust the monetary amount to the effective and destined to the zone.

The North American client is quite similar to the European one in many aspects. Their main common feature is that the North American customers are also concerned with the quality of the product, but not as much as the European clients. In addition, they are less sensitive to the price. Thus, North Americans give less importance to the quality/price ratio than the Europeans.

In terms of their responsiveness to the media, they are quite similar to customers in South America. Nonetheless, they are less sensitive than the last-named but more sensitive than European customers. Studies from Coria's Ltd. marketing department have shown that North Americans are the most sensitive in terms of television and internet advertising. This is a very relevant point to take into consideration when designing the advertising campaign to stimulate the demand for Coria Ltd. products in this region.

North America is composed of three countries Canada, the United States of America, and Mexico. The repercussions of these different countries coming together and being categorized as one is the high purchasing power of a very well defined and elite high and middle class, except for Mexico, where the middle class is not yet fully developed. All in all, Coria's Ltd. experts have detected a growing awareness of how fitness has a positive impact on health. Therefore, an increase in sales in this region is expected in the coming years.

Finally, another similarity between the North American and European markets should be mentioned. The products of Coria Ltd. in this market are in practically the same stages of the life cycle of the product as in Europe. The treadmill and the elliptical bike are in expansion as well as in the European market. In addition, the multi-gym and the exercise bike are in the decline phase as in Europe, however, while in Europe the

decline is slow, in the North American market it tends to be faster. At present, as in Europe, Coria Ltd. markets in North America the multi-gym, the treadmill, and the elliptical trainer.

2.4.3 South America.

Coria Ltd. entered the south America market in July 2021, as a result of its expansion strategy. It is the smallest market with a size of 387 million inhabitants in the region. South America is a vast land composed of multiple countries, out of which Coria Ltd. operates in Colombia, Ecuador, Perú, Argentina, Chile, and Brazil. Due to Coria Ltd. being a large company, they are capable of ensuring high legal security that allows them to invest large quantities of money without depending on special political treaties.

Another matter to be taken into account is the use of different currencies throughout the area, such as the peso for Colombia, Argentina, and Chile, Brazilian real for Brazil, US dollars for Ecuador, or the soles for Peru. Due to the fact that most of these local currencies are subject to fluctuations, Coria's Ltd. clients in this region make the payments in US dollars. Moreover, it should be highlighted that all investments in this market will be made in dollars (\$), which, as in the North American market, requires a lot of attention to the variation of the exchange rate.

In terms of their responsiveness to the advertising media, South American customers are sensitive to the efforts of marketing campaigns. Consequently, the marketing department has discovered that the two media to which the South American client responds most are television and the Internet, therefore, the marketing campaign would focus its budget on these media.

Furthermore, the South American customer has very high bargaining power. That is, their power over the pricing of the items sold in this region is subject to their control. They are very dissimilar from the other two markets. The South American client has no regard for quality and will sacrifice it at the expense of a lower price. This is the reason why Coria Ltd. will produce a different product to retail in this market, as the quality in the other two will be much higher. The challenge Coria Ltd. has to overcome is the limited awareness of how fitness has a positive impact on health in this area.

As for the life cycle of Coria Ltd. products in this market is slightly different from the two markets mentioned earlier. As in Europe, the multigym shows a slow decline. However, the exercise bike is in the expansion stage in this market whereas in the

European and North American markets it is in the declining stage. Moreover, as in the other two regions where Coria Ltd commercializes, both the treadmill and the elliptical trainer are in the expansion stage, nevertheless, the growth of both products is slow. At the moment Coria Ltd. only sells the exercise bike in the South American market.

2.4.4 Clients.

Coria's Ltd. main clients can be identified and classify into three groups: hotel groups, distributors, and private gyms.

Hotel Groups.

A broad range of hotel chains in North America, South America, and Europe rely on the services of Coria Ltd. seeking to offer their clients high-tech fitness equipment to meet their needs. Among Coria Ltd. main customers are the following: Marriott International Inc., Hilton Worldwide Holdings Inc., Radisson Hotels, and Spain's Meliá Hotels International S.A. The first hotel buying Coria Ltd. services was the Sevillian Hotel Silken Al-Andalus Palace in May of 2015, based "Los Bermejales". Later on, as Coria Ltd. became known among the luxury hotel chains, the Melia Group signed a contract with Coria Ltd. in June of 2019. Shortly after, in 2022, when Coria Ltd. opened its doors to the American market, it soon signed contracts with some of the most important and distinguished hotel chains in the world, such as Marriott International Inc.

Distributors.

Distributors are Coria's Ltd. main customer group, representing 60% the company sales. As it is impossible to name each and every one of them, it can be said that this group is formed by a range of distributors that sell the final product to the households. An example of Coria's Ltd. client distributors is El Corte Ingles, which is a worldwide distribution group based in Spain and made up of companies of different formats. El Corte Ingles became the first major distributor to take an interest in Coria Ltd. products due to their particularly innovative nature. It signed a contract with Coria Ltd. in 2012, which it renews every year.

Private Gyms.

The third group of customers of Coria Ltd. are private gyms who buy directly from the company's sales department. Despite the fact that at the moment the private gyms do

not have much weight in the company's sales, they were a key factor at the start of the company. Private gyms were the first customers of Coria Ltd. when the reach of the company was limited to Seville and its surroundings. Among this small but key group of clients, it should be highlighted the following Sevillian sports facilities, as they were the first to give a vote of confidence to the products of Coria Ltd.: Gym-Fit Sevilla, Galisport Happines Club, and N-Joy.

3 Area of Responsibility: Finance Department.

3.1 Introduction.

The purpose behind the second section of the final thesis is to provide a brief overview of the area of responsibility leading by the student. Its aim is to understand closely how the undergraduate has been managing the department responsible for. Therefore, this stage of the project will describe and analyses the financial department, its objectives, and functioning as well as the methodology used to achieve them from a theoretical and practical approach. It will start with a description of the functioning, the structure and, the general objectives set by the financial department of Coria Ltd. Furthermore, it will introduce the figure of the chief financial officer, its function, and its responsibilities, as it is the role taken by the student. In addition, a detailed explanation of the methodology and technique used for the decision-making process during the simulation will be also discussed in this section. Lastly, it will be described the relationship that exists between the finance department and the rest of the operational departments of a company, and the influence that the finance department has over them. Since this section of the final project has a more theoretical orientation than other sections, a wide variety of bibliographical references will be used to ensure the proper theory study of Coria's Ltd. financial department.

3.2 Description of the financial department.

The finance department plays a critical role in the successful growth and development of an organization regardless of its size, as it is in charge of planning, controlling, and managing the financial resources of the company. Besides, the finance department is responsible for developing and preparing the financial statements in a relevant, reliable, comparability, and consistent manner. Its purpose is not only to guide managers towards better decision-making but also to provide other users of financial

information, such as investors, a true picture of the company's current economic and financial status (Brigham & Houston, 2016).

The relevance of the existence and the proper functioning of this department in any company is due to the fact that it is in charge of the financial resources. An organization arises to satisfy an unsatisfied demand, however, to fulfill that demand "it is necessary to invest in capital goods, industrial buildings, and current assets, etc., but in fact, such investments cannot be made if financial resources are not available" (Durban Oliva, 1994). The financial division is responsible for acquiring the optimal number of these financial resources without jeopardizing the survival of the business as well as ensuring the efficient use of such resources.

3.3 Main functions and objectives of the finance department.

As previously mentioned, the finance department plays a key role in the operation of the company, and it is, therefore, necessary to establish an appropriate structure and organization of the finance department to ensure its proper functioning. Thus, among the main functions of a firm's finance department the following can be highlighted (Brealey, 2006):

- Planning, organizing, managing, and controlling the financial resources of the company efficiently and effectively.
- Manage a variety of financial investments established by the board of directors.
- Ensures the relevance, reliability, comparability, and consistency of financial management.
- To prepare the annual financial statements and report on the management of the company's resources.
- Develops income and expense forecasts for the preparation of the preliminary draft budget. In other words, implementing strategic budgets and projections
- Ensure the economic and financial health of the company by controlling the payment and collection periods as well as the income and expenses.
- Ensure the profitability of the company while maximizing profits and reducing costs.

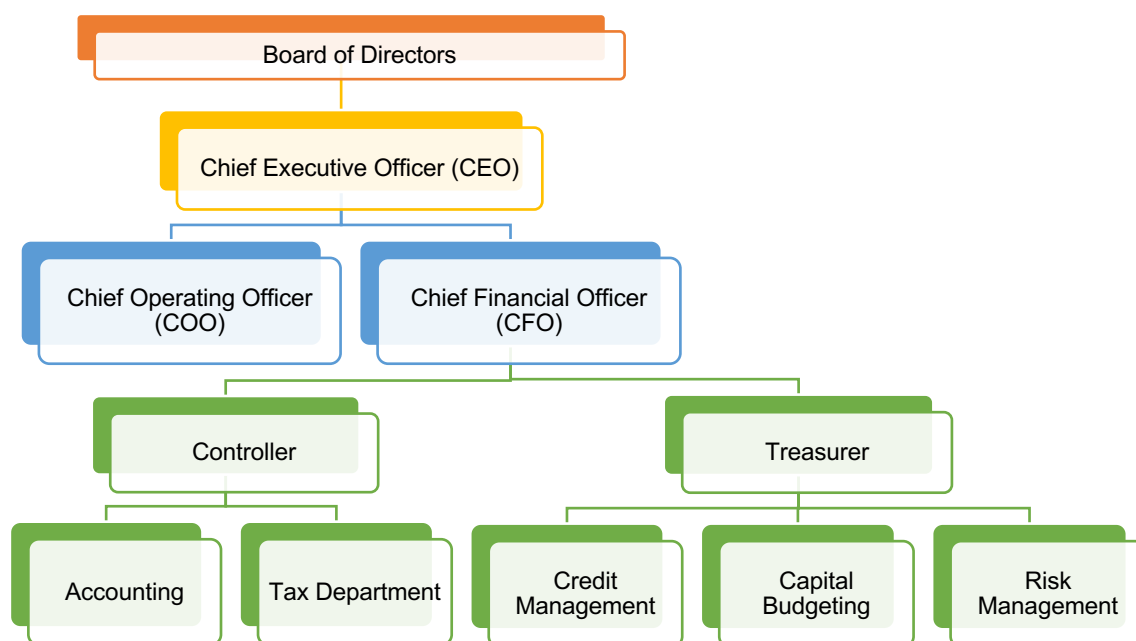
The main objective of this functional area of a company is to analyze and interpret the financial and economic situation of the company to explain its behavior and help management in decision-making to maximize the recourse of the company and to

create value (Brealey, 2006). At Coria Ltd., the finance department's main objectives are to maximize profits, control external financing, keep a stable financial situation, gradually reduce debt, maintain the liquidity and solvency of the company, invest in assets, control the return on assets (ROA), the return on investment (ROE), and the return on capital employed (ROCE), develop and analyze financial statements and, pay taxes. These aims are intended to maximize the use of the company's resources to create value. In the following section will present more specific objectives to be achieved by the department of Coria Ltd. during the simulation.

3.4 The structure and functioning of the finance department.

The figure bellow describes the areas of activity that most companies have acquired, as well as the hierarchical relationship and responsibilities, concentrating in the finance department.

Figure 3: Organizacional Chart.



Source: Berk & De Marzo, 2011. Own elaboration.

As can be seen in the above organization chart, the finance area is divided into three hierarchical levels. Firstly, there is the chief financial officer, "a senior financial manager who generally ranks third officer and reports directly to the CEO", of whom will be specified in detail later on (Berk & De Marzo, 2011). On the second level of the hierarchy, there is the treasury and the controller. The treasurer is responsible for the activities related to fundraising, while the controller is charged with the application of the funds (Partal Ureña et al., 2011).

The treasury area is divided into capital budgeting, risk management, and credit management (Berk & De Marzo, 2011). Its main functions are managing cash flows, preparing the treasury budget, performing financial transactions, analyze customer credits and, manage insurances. Furthermore, this sub-department of the financial area is responsible for obtaining and managing the company's funds, which consequently entails the relationship with financial entities to negotiate loan conditions, advance collections, commercial discounts, confirmations, and credit policies, among others. Its purpose is to minimize the cost of capital for a given financial risk (Partal Ureña et al., 2011).

On the other hand, the controller department is broken in the accounting and tax department. It is responsible for preparing financial planning, elaborating the different budgets, monitoring compliance, and correcting any deviations that may arise. In order to control and correct the deviations, the controller must develop different control mechanisms. Finally, it is responsible for the economic and financial analysis of the company's investments, advises the company's economic and financial organization, designs the financial statements and is in charge of relations with the tax authorities (Partal Ureña et al., 2011 & Pérez-Carballo Veiga, 1990).

3.4.1 The Chief Financial Officer (CFO).

The chief financial officer is the figure in charge of the proper functioning of the entire finance department. Therefore, due to the relevance of this department in the company, the CFO has a relatively high position within the company's hierarchy. It is located on the third level of the pyramid, at the same level as the chief operating officer (COO), who supervises the rest of the company's operational departments: Marketing, Operations, Human Resources, etc. As a result of this structure, the financial department is above the hierarchy of the heads of the other operational departments, such as chief marketing officer and chief operating officer for instance. The CFO's high position in the corporate hierarchy is attributable primarily to the CEO's dependence on the top financial manager, and the fact that the rest of the operational departments rely on the approval of the finance department to make their decisions (Partal Ureña et al., 2011).

Generally, the financial officer is in charge of the policies that determine the success or failure of the company: policies on profitability, investments, indebtedness, self-

financing, capital increase, and dividends. Its main tasks are to analyze the economic-financial situation of the company and to choose the most suitable sources of financing for each moment, to manage the cash flows of the company, to study the degree of indebtedness that the company can support as well as the risk, to participate in the investment decisions of both real and financial assets, to advise the board of directors on the use and distribution of the benefits resulted and on dividends policies, and is responsible for financial resource planning (Arroyo & Prat, 1994).

Coria's Ltd. Chief Financial Officer, Maria Broullón Blanco, is in charge of controlling and supervising the expenditure of each department to ensure the economic stability of the company. Ms. Broullón manages the investments in real and financial assets, searches for ways of financing, sets the maximum debt risk that the company can undertake, and determines the form of payment, in cash or installments, of the suppliers of raw materials as well as the purchase of machinery. Furthermore, the top financial manager recommends the CEO, Mr. Mesonero, on decisions related to the expansion into new markets or the development of new products as well as on investment in innovation and the efficiency of human resources and machinery depending on the resource available at the moment. Besides, together with the CEO, Ms. Broullon determines the budget of the marketing department, advises the human resources department on salary increases, and suggests the production department on raw material suppliers. In short, Coria's Ltd. CFO is responsible for ensuring the financial viability of the company.

3.5 Methodology.

The financial department of Coria Ltd. requires a previous financial analysis of the company's financial statements updated before making any decisions. The financial statements of any company contain a significant amount of information that is essential for the evaluation of the economic and financial situation. Its study enables to answer questions such as what the degree of indebtedness is, how efficiently is the corporation using its assets, and the profitability of the company, among others. These annual accounts are useful tools for "manager within the firm as a source of information for corporate financial decisions" (Berk & De Marzo, 2011). Furthermore, it also allows investors, financial analysts and other users of financial information to obtain information about the company.

The methodology used by Coria's Ltd. CFO, Ms. Broullon, to analyze the company's financial information for decision making relies on a dual approach. Firstly, an analysis of certain elements of the financial statements, and secondly, the financial analysis by using the ratios of liquidity, solvency, efficiency, and profitability. This method would also be the basis for the analysis of the results that will be carried out in the following section of this document (Brealey, 2006).

3.5.1 Financial statement analysis.

Firstly, an overview of the balance sheet will be provided, as it illustrates a snapshot of the financial position of Coria Ltd. at a point in time. This statement is composed of assets, as well as liabilities, and equity. While the assets include the resources that allow the generation of future cash flows ordered by liquidity, the liabilities, and equity, which are ordered by exigency, encompasses the sources of financing of the company. "Thus, the total resources held by the company at any given time can be arranged according to their origin (liabilities) or according to the use made of them (assets)" (Arroyo & Prat, 1994). Moreover, the balance sheet or statement of financial position reveals the company's liquidity position at a given time: conservative, classic, unstable equilibrium, or insufficient position as it is very easy to identify the company's working capital. Furthermore, it provides the chief financial officer information regarding how the corporation is financing its assets. If it is through the profits generated by the company or if external sources of finance such as loans from a bank are needed (Molina Sánchez et al., 2015).

Besides the statement of financial position, the top financial manager must also pay careful consideration to the income statement. This second financial statement details net sales, as well as the diverse revenues and expenses incurred by the company during the studied period that result in the net income. Especially, it is interesting to be aware of the gross profit to analyze the percentage of variable costs as well as its evolution during the lifetime of the company (if they are increasing, decreasing, or remaining constant). Furthermore, it is also relevant to look over the operating result or EBIT (Earnings before interest and taxes), which is the profit generated by the company core business, as it measures the health of the business. However, as EBIT does not include taxes and depreciation expenses, it is preferable to carry out the analysis of the growth or decline EBITDA (Earnings Before Income Taxes Depreciation and Amortization), as it reveals the progression of the company's profitability (Jiménez

Cardoso et al., 2002). The analysis of the P&L statement is key as it not only reveals the company's margins, but it also highlights major aspects such as if the company allocates a significant amount of resources in R&D to keep its competitive advantage or if it is necessary to use a large amount of leverage to earn money (Mascareñas, 2010).

The third financial statement available to the financial director of Coria Ltd., Ms. Broullón, is the cash flow statement, who "informs which is the origin of the cash variable and other equivalent liquid means and its application, helping to understand how the entity obtains its liquidity and where does the company allocate it" (Molina Sánchez et al., 2015). The cash flow statement is divided into three blocks, operating cash flow, investment cash flow, and financing cash flow. The operating activities cash flow covers all cash transactions from day-to-day operations, i.e. operating income and expenses. The investing activities cash flows reflect the acquisition or sale of the assets that support the business. Lastly, the financing activities cash flow reflect if the company is relying on external sources of finance, whether through debt or shares, or if it is repurchasing its debt or shares.

Therefore, through the statement of cash flow, the CFO can identify how the company is being financed, whether the company is funding itself with its own income (surplus in operating cash flow) or whether it needs external debt (shortage in financing cash flow). Moreover, it is possible to identify whether the company's assets are being acquired or sold through the investment cash flow. On the basis of the results obtained in these three cash flows, whether surplus or deficit, one can identify the phase in which the company is in introduction, growth, maturity, restructuring or liquidation (Molina Sánchez et al., 2015).

3.5.2 Financial Analysis: Ratios.

For a more detailed analysis of the economic and financial situation of the company, the financial managers use the financial ratios. A financial ratio is "a ratio between two magnitudes contained in or obtained from the financial statements" (Jiménez Cardoso et al., 2002). "These ratios are used by financial analysts, equity research analysts, investors, and asset managers to evaluate the overall financial health of businesses, with the end goal of making better investment decisions." However, as it happens with financial statements analysis, "ratios are also heavily used by financial managers to

get a better understanding of how their businesses are performing” (Corporate Finance Institute, n.d.).

Financial analysis ratios can be divided into four categories that measure different types of financial metrics for a business: debt management or leverage ratios, liquidity ratios, asset management ratios, and profitability ratios (Corporate Finance Institute, n.d.).

Firstly, debt management, leverage ratios, or solvency ratios are financial ratios that measure how the company is financing its assets and business operations, using debt or equity. They "indicates the level of debt incurred by a business entity against several other accounts in its balance sheet, income statement, or cash flow statement" (Corporate Finance Institute, n.d.). In short, they indicate how effectively a company manages its debt, and the capacity of the corporate entity to meet its long-term financial obligations (Brigham & Houston, 2016).

Secondly, liquidity ratios are quite similar to the above, as solvency ratios, liquidity ratios measure a company's ability to "meet future financial obligations". However, they differ in the fact that whereas solvency ratios measure the company's ability to meet its long-term obligations, liquidity ratios evaluate the company's capacity to pay its short-term financial debts. Both liquidity and solvency ratios are utilized to determine the riskiness of a company to decide whether to extend credit to the firm (Jiménez Cardoso et al., 2002).

Thirdly, asset management or efficiency ratios are "a set of ratios that measure how effectively a firm is managing its assets" (Brigham & Houston, 2016). It is based on a comparison between sales volume and the investments in the assets accounts. "These ratios generally examine how many times a business can accomplish a metric within a certain period of time, or how long it takes for a business to fulfill segments of its operations" (Corporate Finance Institute, n.d.).

Last but not least, profitability ratios are used to "measure and evaluate the ability of a company to generate income (profit) relative to revenue, balance sheet assets, operating costs, and shareholders' equity during a specific period of time" (Corporate Finance Institute, n.d.). They give an idea of how profitable the firm is operating and using its assets to generate profit and value to shareholders. Whereas the liquidity, assets management, and leverage ratios reveal the firm policies and operations,

profitability ratios display the net result of the firm's financing policies and operating decisions (Brigham & Houston, 2016).

3.5.3 DuPont Financial Analysis System.

To facilitate the decision-making process of the finance department, there are multiplier models such as Dupont's model that group a set of financial key ratios to enrich the analysis and interpretation of the financial information of the company. The Dupont pyramid is a very useful tool for the analysis of company profitability, as it brings together the elements that are responsible for the economic growth of a company, and combines them in a manner that reveals the effect that the variation in each one of these elements has on the financial profitability of the company. As such, the DuPont model is the result of the relationship between the following variables (Asociación Española de Contabilidad y Administración de Empresas, 2010):

- Profit margin which measures "the amount of profit generated by each monetary unit of sales".
- Asset turnover which measures "the number of sales generated by each currency unit of assets".
- Debt ratio, which "measures the number of assets per monetary unit of equity".

Hence, through the three ratios, Dupont's Pyramid combines four determining elements of the Company's return on equity (ROE): earnings, sales, assets, and equity. This decomposition of the ROE allowed by the DuPont model helps to identify the contribution of each component to the company's profitability and to make decisions that improve the company's profitability (Asociación Española de Contabilidad y Administración de Empresas, 2010).

3.5.4 Economic Value Added (EVA) and Market Value Added (MVA).

As mentioned, the financial department's main objective is the value creation within the company. Therefore, as the accounting statements do not show directly the creation of value within the business, the financial managers often apply the Economic Value Added (EVA) or economic profit to measure value creation in a business. "EVA is an estimate of a business's true economic profit for a given year, and it often differs sharply from accounting net income" due to the fact that "while accounting takes into account the cost of debt (the company's interest expenses) it does not deduct the cost of equity". Instead, EVA considers the total cost of all capital, including the cost of debt

as well as the cost of equity capital (Brigham & Houston, 2016). "Value is created when the profitability of the resources is higher than the weighted average cost of financing those resources" (Molina Sánchez et al., 2015). In short, the Economic Value Added (EVA) is an economic indicator that "integrates aspects of economic performance with aspects of financial performance" (Navas López & Guerras Martín, 2018).

In addition to Economic Value Added, the Market Value added (MVA) may also be used to measure the value of the business. This performance measurement "is simply the difference between the market value of a firm's equity and the book value as shown on the balance sheet, with the market value found by multiplying the stock price by the number of shares outstanding" (Brigham & Houston, 2016). The higher the MVA, the better, since it implies that the job done by management has been effective as they have created wealth for the firm shareholders. A negative MVA value implies that the actions carried out have diminished the company's value. This tool tends to work best for public traded companies; however, it can also be applied to private businesses. The difference between Market Value Added and Economic Value Added is that the first, MVA, applies to the whole company while EVA "can be determined for divisions as well as for the company as a whole" (Brigham & Houston, 2016).

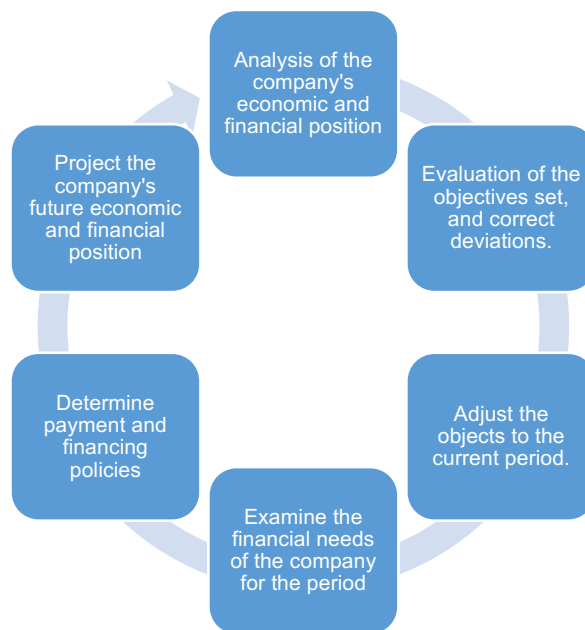
3.6 Decision Making.

Decision-making is the process in which company managers make decisions with the overall aim of increasing the value of the company. All these decisions affect the organization to a greater or lesser extent. For the purpose of achieving the objectives established, the financial department of Coria Ltd. has elaborated a detailed decision-making process composed of six steps. Through this process, it is intended to make proper decisions to ensure the maximization of the company's resources, and thus meet the objectives set (Robbins, S.P. & Coulter, M., 2016).

As can be seen in the figure, firstly, for the correct management of the department, the economic-financial situation of the company at the beginning of the period must be analyzed. This analysis will be carried out following the methodology explained previously. Therefore, it will be known whether or not the company enjoys economic and financial health or if it experiences any liquidity or solvency problem, which must be corrected. Following, it should be examined whether the established objectives have been fulfilled and, if not, the reason for the emergence of deviations should be

studied and corrected. Thirdly, the objectives must be adjusted to the current period in accordance with the long-term perspective to continue to meet the targets set. The fourth step consists of assessing the financial needs of the company once the other departments have reported on the budget they need to carry out their activity, and it has been approved by both the CEO and the CFO. Subsequently, the policy for payments to suppliers and distributors, in cash or in installments, will be established. Furthermore, it would also be studied whether or not external financing is required, and if so, the amount needed. Finally, future projections of the company's economic and financial situation will be made. Moreover, the potential economic and financial situation of the company will be analyzed following the same methodology as in step one. These will allow management errors such as excess or shortage of cash to be detected and corrected before any decision is taken.

Figure 4: Finance Department Decision-Making Process.



Own elaboration.

3.7 The finance department and the rest of the operating departments.

All the business decisions of the operational departments of Coria Ltd., marketing, production, and human resources, as well as those made by the chief executive officer, have consequences in the financial department. The majority of decisions made in these functional areas of the company have an impact on the economic and financial position of the corporation. As has been mentioned on several occasions, the financial department must do everything possible for the economic-financial security of the

company. Therefore, all operations involving cash flows are to a greater or lesser extent supervised by the financial department and even need its approval. As a result, the CFO advises the CEO, Mr. Mesonero, on whether or not the company can afford to expand into a new market, and/or develop a new product. The top financial manager also reports to the executive officer if the company can afford to invest in product innovation, machinery, or human resources, and if so, determines the budget for each activity.

The relationship between the department headed by Ms. Broullón, CFO of Coria Ltd., and the human resources department, headed by Ms. Quifes, jointly approves, with the approval of the CEO, the increase of the workers' salaries, as well as the hiring of new workers and their training. Besides, Ms. Román, CMO of Coria Ltd., along with the financial manager decides the distributors of each product, depending on the strategy, quality, image, service, or cost leadership, and the available budget of the company. However, it is up to the financial department to choose the method of payment whether in cash or in installments. Moreover, the CFO and the CMO, with the approval of Mr. Mesonero, decides on the quality control, and the budget to be invested in publicity leaving Ms. Román the freedom to invest the agreed budget in the advertising media and the products she considers most appropriate to advertise in each market the company develops. Along with this line, the finance department estimates through the accounting forecast what are the overall variable cost in order to assess the marketing department about what should be the minimum selling price of the products. Last but not least, the financial department together with the production department decide which raw materials to buy according to the strategy of each product and the available budget. In addition, as it happens in the marketing department it is up to the CFO to decide the means of payment for the commodities. On top of that, the CFO must authorize the acquisition of machinery requested by Ms. Maldonado, CPO of Coria Ltd.

In brief, as already pointed out, the financial department controls the company's expenditures and investments, since it is in command of administering the financial resources. Its main goal is to maximize the company's value and to ensure that it will not go out of business. For this reason, the finance unit has so much relevance in a company, and therefore, it has an opinion on the decision making of any unit of the corporation.

4 Analysis of the Results: Finance Department.

4.1 Introduction.

The aim of the third section of the final thesis is to evaluate department management performance by the chief financial officer, as it is the role given to the student. Thus, the section will consist of a management report which will analyze the results obtained by the finance department. To this end, firstly, it will identify the objectives set to pursue within the department. Secondly, the results obtained during the simulation will be analyzed through the study of the evolution of different economic-financial variables. To facilitate the analysis of certain variables, different financial ratios will be used, in particular those regarding liquidity, solvency, efficiency, and profitability. To finish, there will be a brief conclusion that will reflect on whether or not the objectives set by the finance department at the beginning of the simulation have been achieved. This last part of the thesis will also include the student's personal experience with the simulator.

4.2 Objectives of the financial department.

In the previous section, the main targets of the financial department of Coria Ltd. were announced:

“At Coria Ltd., the finance department's main objectives are to maximize profits, control external financing, keep a stable financial situation, gradually reduce debt, maintain the liquidity and solvency of the company, invest in assets, control the return on assets (ROA), the return on investment (ROE), and the return on capital employed (ROCE), develop and analyze financial statements and, pay taxes. These aims are intended to maximize the use of the company's resources to create value. In the following section will present more specific objectives to be achieved by the department of Coria Ltd. during the simulation”.

Nonetheless, in order to correctly manage the financial department, it is necessary to establish more specific and detailed objectives, which will serve as a reference in the company's decision-making process. The main purpose of the financial department of Coria Ltd., as mentioned above, is to maximize the value of the company for its owners. In other words, to ensure that the rise in the company's value is translated to an increase in the equity of the company (Mascareñas, 2010). Nevertheless, to achieve this global objective, it is necessary to set specific short-term and long-term targets. These objectives of the financial department have been established following a risk-averse policy, and are the following:

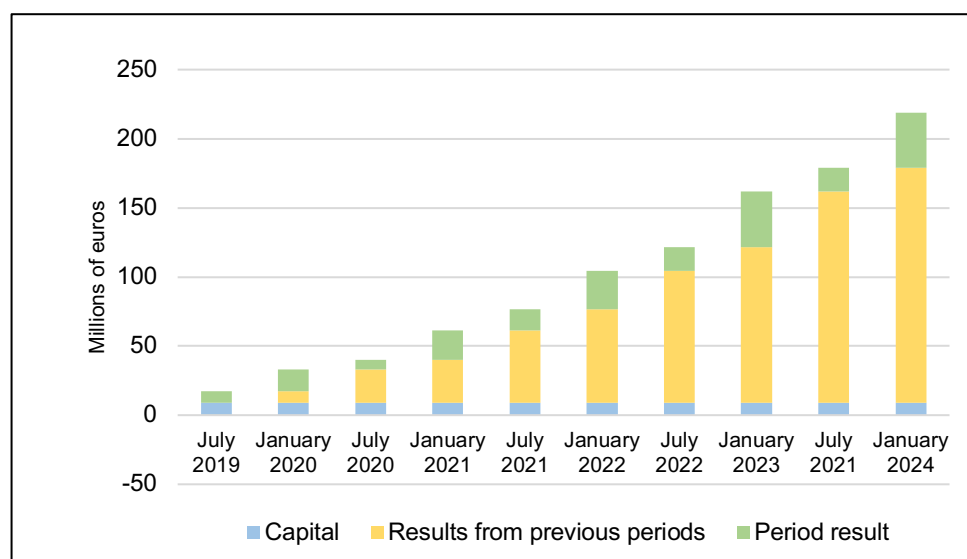
- Progressive increase in the return on assets, return on equity, and return on capital employed.
- Invest in real assets.
- Ensure that the company has enough liquidity to handle any unexpected payouts.
- Manage cash adequately and efficiently and ensure the flow of funding.
- Assure the balance of the company's assets.
- Maintaining the optimal level of debt and, gradually reducing it.
- Assure the financial and economic health of the company.
- Increase profit margins, and control company expenses.

4.3 Analysis of results.

4.3.1 Equity.

The analysis of results obtained during the simulation period will start with a study of the evolution of the company's equity. The shareholders' equity of Coria Ltd. is composed of three elements: the capital, the results from previous periods, and the result of the current period. The capital is the monetary amount contributed by the partners for the start of the business. The results from the previous period reflect the total sum of the results obtained in previous periods, excluding the result of the last finished period, which is shown in the third and last element comprising the equity, the period result.

Graph 5: Equity.



Source: Finance department. Own elaboration.

As shown in the graph below, Coria's Ltd. equity experiences a continuous increase throughout the simulation. In fact, from July 2019 to January 2024 the company's net worth increased by 1172,10%. This remarkable increase in the company's equity is the result of the ongoing rise in the period result account as there is no capital increase. The overall amount contributed by the partners to open Coria Ltd. was 9 million euros, and it remained constant throughout the years. Furthermore, it can be observed that the rise in the period result is increasing over time; however, this growth experiences a certain seasonality. As shown in the graph, Coria Ltd. obtains a higher net profit in the first half of the year than in the second half. The reasons behind it lie with the trend of the company's sales, which will be explained in greater detail in the following sections. Moreover, it is relevant to mention that this large increase in the company's equity will affect the structure of the company which also will be mentioned in detail later on.

4.3.2 Treasury.

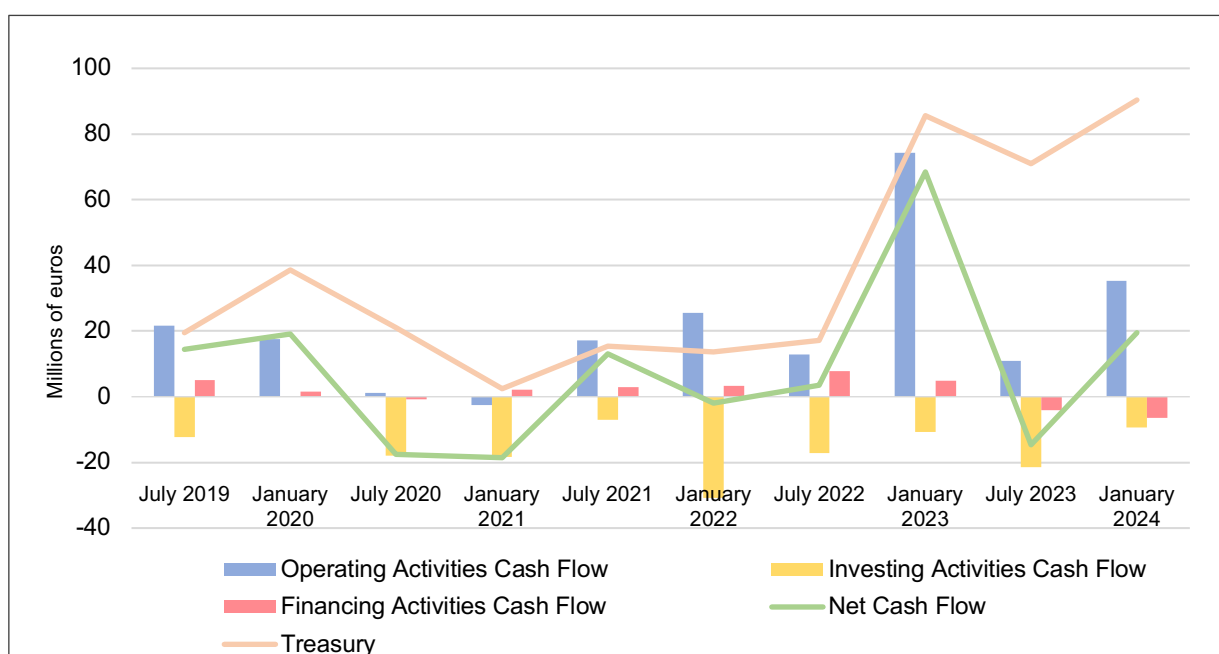
There are many reasons why a business could default, however, lack of liquidity is what destroys them. As cash is the most liquid asset of a company, if the company does not have enough cash to meet its obligations, the value of the remaining assets is no relevant, as, in the end, the company will have to use them to meet its commitments, which in the long run would lead to bankruptcy. It is essential that the company has minimum levels of cash not only to handle its daily operations of purchases and sales, but also to take advantage of investment opportunities, and to keep a safety margin to act as a financial resource. However, an excess of cash, and hence liquidity, is also negative for the company, as it can lead to an excess of idle resources. Consequently, the financial department of Coria Ltd. will pay careful attention to the company's cash management (Mascareñas, 2010). Therefore, under this heading, it will be analyzed the evolution and management of Coria's Ltd. treasury.

As mentioned in the second section of this thesis, the Cash Flow Statement is a key indicator that measures financial health. It shows the movement in the most liquid assets of any company, cash. It indicates the difference between collections and payments in a given period which constitutes the net cash flow. If it is positive, it indicates that collections exceed payments, whereas if it is negative, collections are not enough to cover payments, and it is necessary to use internal or external sources financing. Furthermore, by separating the cash flows into three sections, it is possible

to find out how the company is financed, if through internal or external finance (Mascareñas, 2010).

As shown in the graph below, Coria Ltd. experienced in July 2020 and January 2021 serious cash flow problems associated with the lack of operating income, caused by the large drop in sales, the expenses of developing new markets and products, and the high investment expenses resulting from the acquisition of machinery and the investment in innovation. As a consequence of the low profits from operating activities in July 2020 and the losses from such activities in January 2021, the company's cash levels were at minimum until January 2023, thus it required constant negotiations with financial institutions for loans.

Graph 6: Cash Flow Statement



Source: Finance department. Own elaboration.

From July 2021 the company starts again to have positive cash flows from operating activities. However, it would not be until January 2023, with the peak in operating revenues, that the company finally achieves to get a significant treasury. Indeed, between July 2021 and January 2023, the investment expenses resulted in a very small or even negative net cash flow. As a result, in July 2023, despite the negative net cash flow, the large treasury reserve allows Coria Ltd. to no longer need external financing and to start decreasing its debts with financial entities. However, despite starting to gradually reduce the debt, the conservative position of the financial

department of Coria Ltd. led in the last year to improper management of the treasury, which resulted in losing potential returns and the rise of idle assets.

Moreover, even though it has no relation with the study of liquidity, it is also quite relevant to mention, as done in section two of this project, that through the analysis of the different cash flows it is possible to identify in which phase of the life cycle the company is: introduction, growth, maturity, restructuring, and liquidation. In the case of Coria Ltd., since the beginning, July 2019, it has been in the growth phase (operating surplus, investment deficit, financing surplus) until July 2023, when it entered the maturity phase (operating surplus, investment deficit, financing deficit) (Molina Sánchez et al., 2015).

4.3.3 Liquidity.

The treasury of Coria Ltd. was just analyzed as a liquidity indicator. However, the treasury is not the only liquidity indicator, there are others such as inventories, short-term financial investments, and the account receivable. As mentioned earlier, liquidity is the company's ability to meet its short-term obligations. Therefore, in order to know the real capacity of the company to meet its obligations, it must carry out a liquidity analysis that covers more than just the cash.

For the purpose of conducting a liquidity management evaluation, the following ratios will be used (Corporate Finance Institute, n.d.):

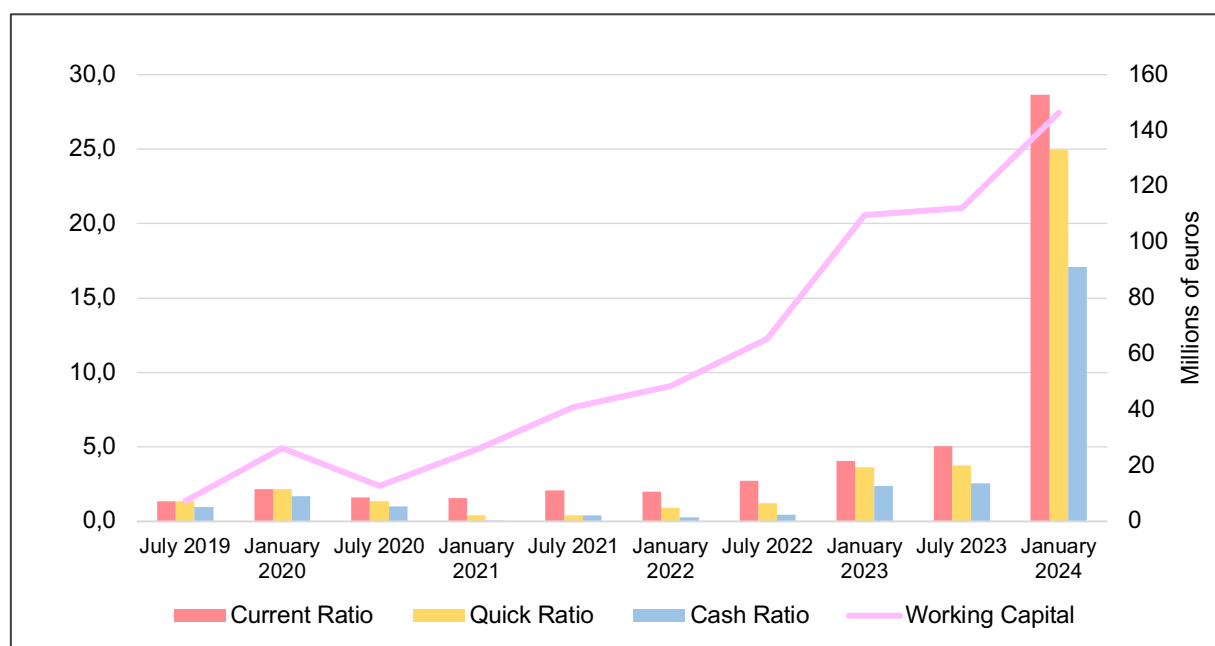
- Current ratio: measures the ability to meet short-term obligations.
- Quick ratio: measures the ability to fulfil its short-term obligations by owning assets that are easily convertible into cash.
- Cash ratio: measures the ability to repay its short-term debt liabilities with cash.
- Working capital: indicates remaining short-term liquid assets after the short-term liabilities have been fulfilled.

According to the graph bellow, the company did not suffer from any liquidity problems. In fact, except for the periods of July 2020 and January 2021 (when sales dropped and operating and investing expenditures rose), business liquidity did not cease to rise with regarding the previous period. However, although the company did not face any problems in meeting its payments (current ratio), it can be noticed that after the lack of operating income in July 2020 and January 2021, the company's ability to deal with its payments through cash and its most liquid assets (cash ratio and quick ratio)

diminished. Indeed, it was not until July 2022 that the company was capable of facing its payments with only its most liquid assets, and it was not until January 2023 that it could face those payments with its cash. Furthermore, from January 2022 all three ratios cash ratio, quick ratio, and current ratio started a rapid growth.

The results obtained indicate that between July 2020 and July 2022, Coria's Ltd. liquidity availability does not arise from its cash or from its most liquid assets, its account receivable, but instead it comes from an excess of inventory caused by the drop in sales. Moreover, the graph also shows that from January 2023 the management of the treasury has not been satisfactory, as there has been a significant excess of cash. In the past, the company had sufficient liquidity, but this was due to excess inventory, not to the availability of cash to pay its debts. Nevertheless, the conservative approach of the financial department due to the fear of incurring further losses in sales resulted in losses of profitability in those assets, and the appearance of idle assets.

Graph 7: Liquidity Ratios



Source: Finance department. Own elaboration.

Regarding the evolution of the working capital of Coria Ltd. the graph shows that it has been increasing over the years, however, this growth has not been constant. The drop in sales in July 2020 meant a significant decrease in working capital, which led Coria Ltd. to rely on external financing. Nevertheless, as the company recovered, it increased the available working capital, which experienced continuous growth except

for the year 2023, when it reduced its growth rate and almost stagnated. Furthermore, as the working capital has always been positive, it leads to the same conclusion as the previous ratios. The company does not experience liquidity problems, as its current assets are always higher than its current liabilities. In addition, as working capital follows an overall improvement, it implies that the company has more and more liquidity over the years. The high value of the working capital from January 2023 also indicates that there is excess liquidity, and therefore, idle assets have been incurred.

4.3.4 Solvency.

Whereas the ratios examined in the previous section discussed the company's ability to meet its short-term obligations, this section focuses on the company's ability to fulfill its financial long-term commitments. Besides, it indicates how the company is being financed in the long term, if it is thought debt or through its equity (Jiménez Cardoso et al., 2002).

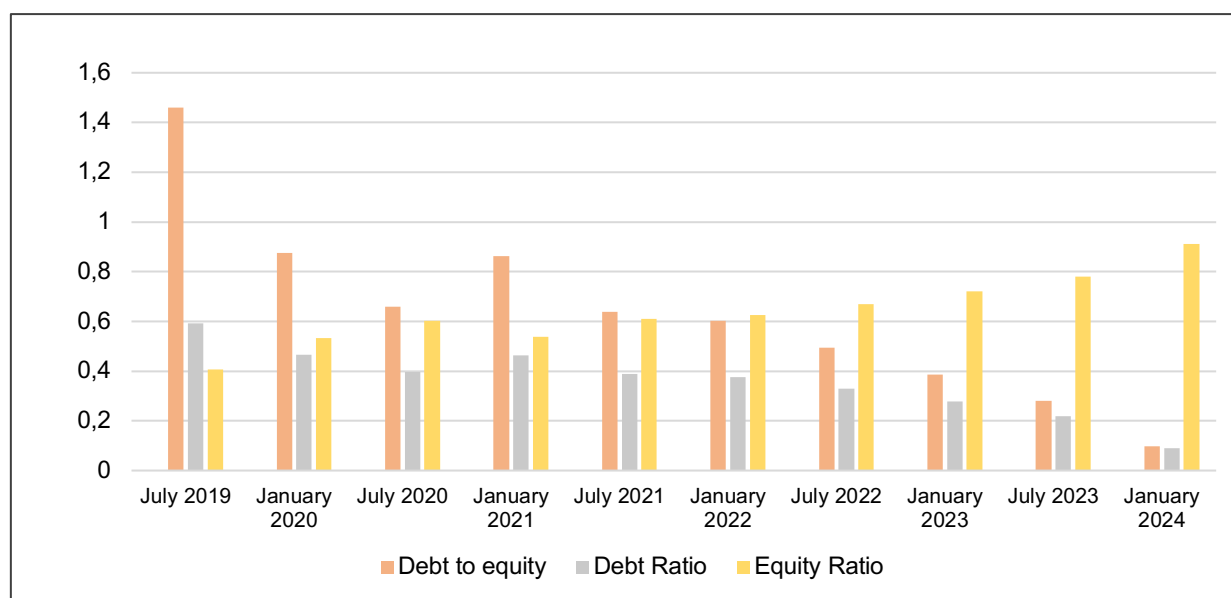
To carry out a debt management analysis of the company, the following ratios will be used (Brigham & Houston, 2016):

- Debt to Equity: evaluates which external source of finance is commonly used by the company whether the debt or equity.
- Debt Ratio: measures the percentage of assets that are being funded by debt.
- Equity Ratio: "determines the residual claim of shareholders on a business. It determines what portion of the business could be claimed by shareholders in a liquidation event" (Corporate Finance Institute, n.d.).

According to the following graph, the ratios that measure the use of external debt, debt to equity, and debt ratio, are progressively reduced throughout the decision-making process, with the exception of the period from January 2021. As previously remarked, during the period of July 2020 the company experience a large drop in its sales, causing the company to incur 3 million euros in debt with financial institutions in January 2021 in order to meet its obligations. In addition, at this time, Coria Ltd. also delayed its payment to suppliers by 24 million euros more than in the previous period, 48 million of euros in total, to avoid liquidity and solvency problems. Furthermore, the graph clearly illustrates a significant reduction in the company's debt over the last period, January 2024. The reason behind it is the cancellation of two of the company's loans, and the increase in cash payments to suppliers due to the excess of company

cash. Nevertheless, from January 2023 as the company had a significant amount of cash, it should have canceled more loans and pay its suppliers at the moment to avoid the loss of cash returns and the appearance of idle assets, which is what finally occurred.

Graph 8: Leverage/Solvency/Debt Management Ratios



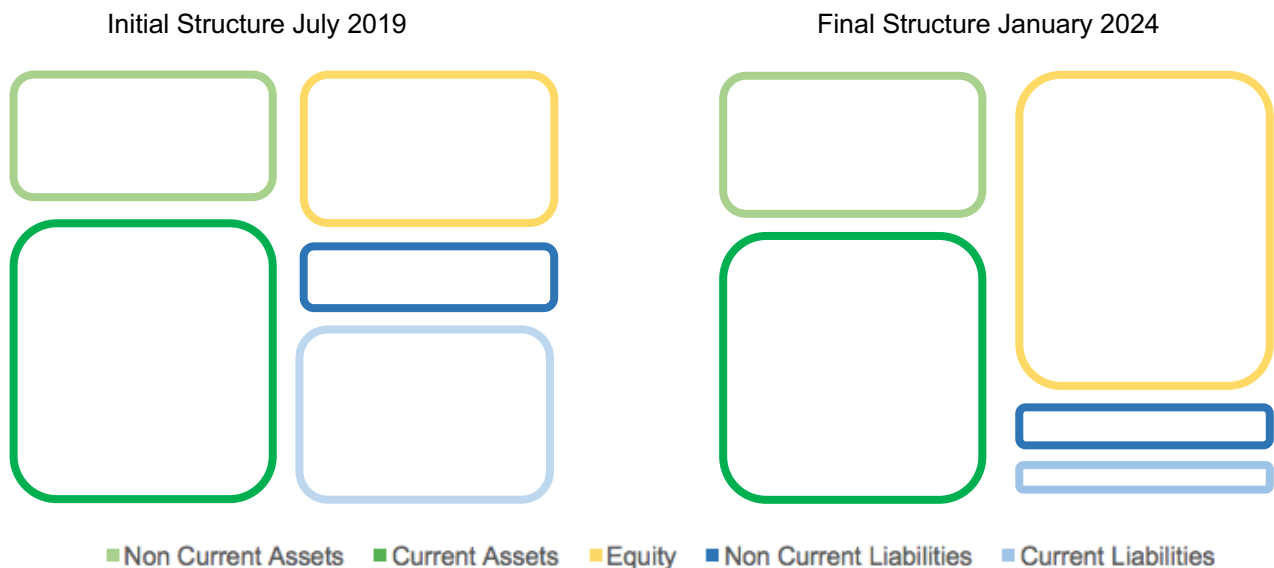
Source: Finance department. Own elaboration.

Moreover, the equity ratio moves in the opposite direction to the debt ratio. Therefore, as a result of the reduction in debt, it can be seen that the company increases its funding through equity. Nevertheless, there was a small decline in equity financing in January 2021 due to the increase of the debt with financial institutions and suppliers. However, since July 2021 the company continues with its policy of debt reduction, and as of January 2022, the company is already mainly financed with equity. In fact, by January 2024 the use of external debt has been reduced by almost 80%.

Consequently, the company has significantly improved its financial security, and that there has been a structural change in the company as shown below. The figure on the left represents the financial structure of Coria Ltd. as of July 2019, while the right figure shows the financial structure as of January 2024. Comparing both figures, it can be seen how the structure has changed over the years. Regarding assets, there is hardly any variation. The figure shows that over the years the proportion of non-current assets increased, and the proportion of current assets decreased, but only slightly. However, the equity and liabilities of Coria Ltd. have changed significantly. While in July 2019, equity accounts for just over a third of the balance sheet, by the beginning of 2024 its

value had grown notably. Thus, the proportion of both the short and long-term liabilities of Coria Ltd. fell sharply. As a result, the Sevillian company enjoys very strong financial security at present.

Figure 5: Coria Ltd. Structure



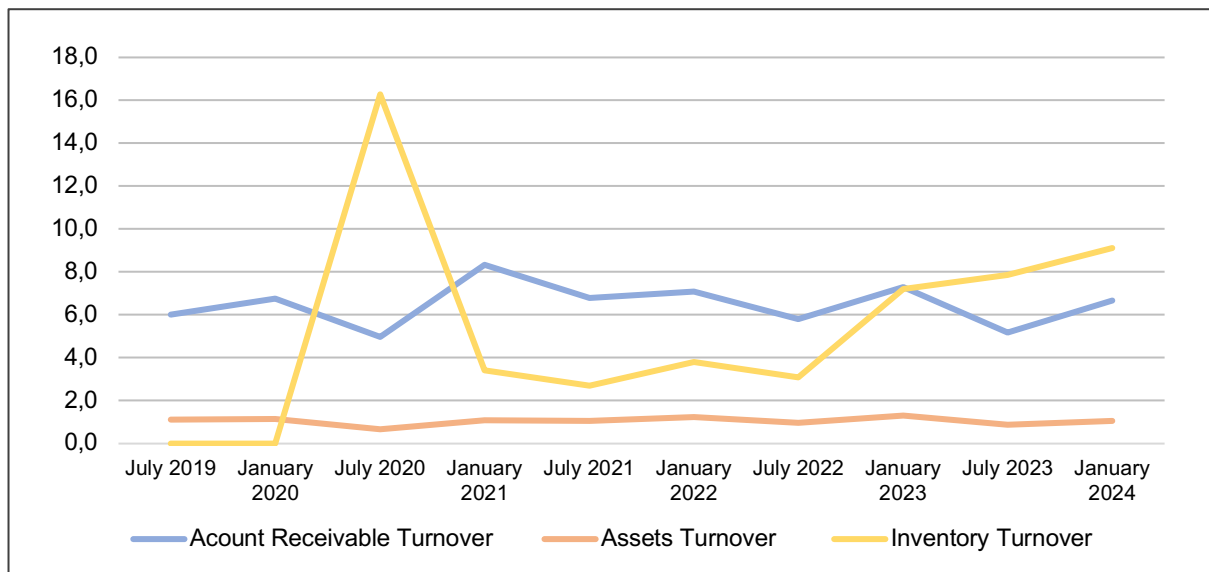
Source: Finance department. Own elaboration.

4.3.5 Asset Management.

Another relevant factor to consider in the study of the company's management is the analysis of the efficiency of its assets, as the effective management of these assets would improve the company's performance and productivity. Therefore, in an attempt to maximize the use of its assets, the financial department of Coria Ltd. will pay close attention to asset management through the following ratios:

- Accounts receivable turnover: measures the amount of time, over a given period, that a company collects its accounts receivable.
- Assts turnover: "measures how efficient a company uses its assets to generate sales. This ratio looks at how many dollars in sales is generated per dollar of total assets that the company owns".
- Inventory turnover: "is the number of times a business sells and replaces its stock of goods during a given period" (Corporate Finance Institute, n.d.).

Graph 9: Efficiency Ratios



Source: Finance department. Own elaboration.

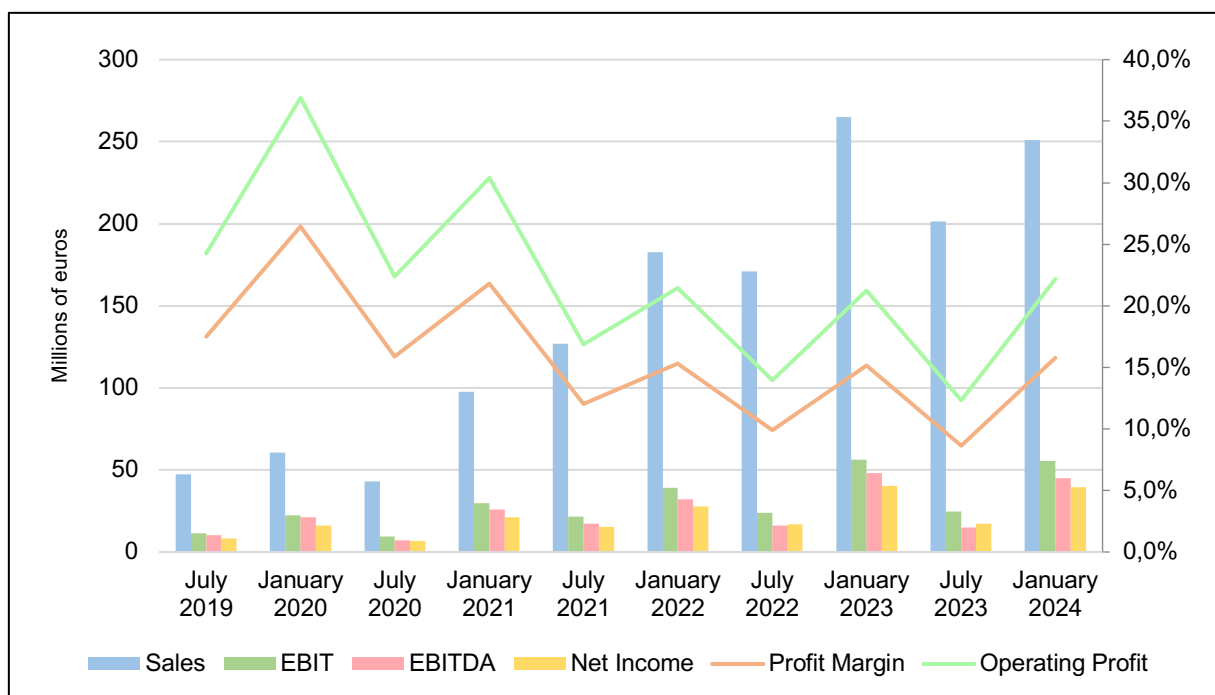
As shown in the graph, Coria Ltd. uses its assets effectively in the same manner throughout the entire simulation (asset turnover). Furthermore, it can also be observed that even though the behavior of the account receivable turnover ratio shows a very similar behavior during the whole simulation, it slowly decreases. Therefore, the company collects its income in less time than before, which is positive for the company. Besides, it can also be seen that the company experienced major difficulties in selling its products in July 2020. During the following periods, even though the company did not face the huge difficulties of the summer of 2020, it continued to experience small challenges in marketing its products. Nevertheless, in the period July 2023 till the end of the simulation, Coria Ltd. started to increase its stocks which meant that sales started to decline again.

4.3.6 Profitability: Sales, net income and profit margin.

As already mentioned, the overall aim of a company is to create value. Therefore, the company should not only have liquidity, solvency, reduce its use of foreign debt, and so on, but it should also make a profit. Nevertheless, when studying the profitability of a company, one should not only question whether the company produces profits or not, but it must pay attention to the profit and operating margins and the evolution of the income from sales and net income. Therefore, the financial department of Coria Ltd. would not only examine the evolution of the key indicators from the income statement but would also use two ratios to study the profitability of the company:

- Profit margin: show the "percentage of profit a company produces from its total revenue. It measures the amount of net profit a company obtains per dollar of revenue gained".
- Operating margin: indicates the "percentage of profit a company produces from its operations, prior to subtracting taxes and interest charges" (Corporate Finance Institute, n.d.).

Graph 10: Net Income and Profit Margin



Source: Finance department. Own elaboration.

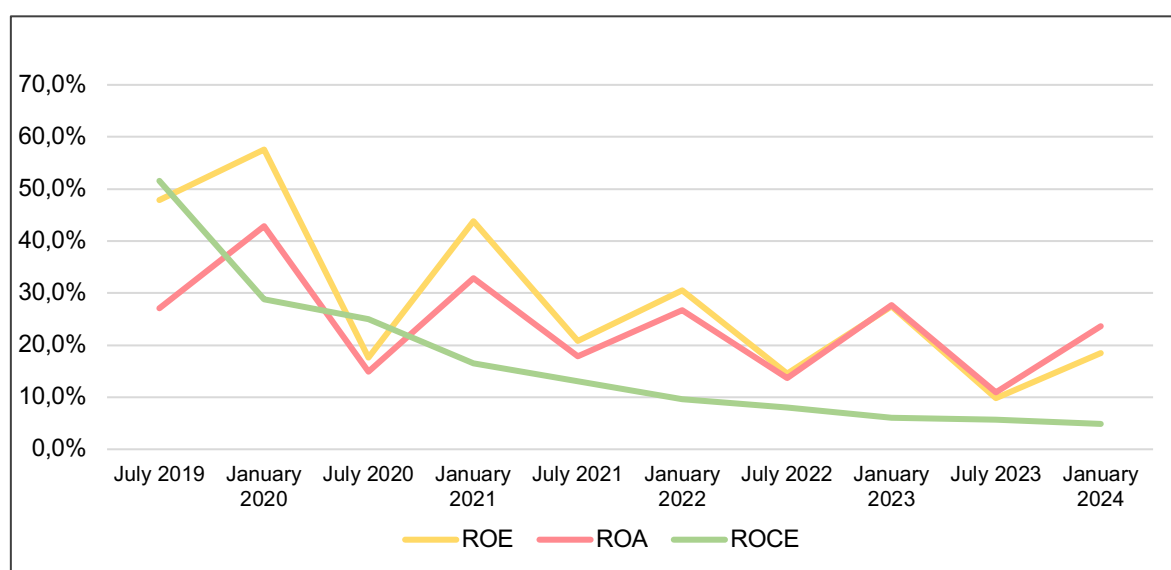
As shown in the graph, income from sales increased gradually during the simulation, except for the summer periods seasonality. However, it is important to highlight two major drops in sales that occurred in July 2020 and July 2023. In fact, as explained earlier, the large drop in sales in 2020 put the company at risk. Furthermore, with the growth in income from sales, the company also experiences a rise in profits, however, they do not grow in the same percentage. Indeed, as can be seen from the profit and operating margin ratios, the increase in net income is gradually declining. Thus, Coria Ltd. is incurring more expenses than revenues as it increases its income from sales. Additionally, since these ratios show a very similar evolution, it can be established that this decrease in profit margins is mainly due to the large increase in operating expenses caused mainly by the large investment in advertising.

4.3.7 Return on assets, return on equity and return on capital employed.

In addition, to have an overall view of the evolution of the profitability of the company, the financial department of Coria Ltd. has used the following ratios as analysis tools:

- ROA: "measure the profitability of a business in relation to its total assets. This ratio indicates how well a company is performing by comparing the profit (net income) it's generating to the total capital it has invested in assets. The higher the return, the more productive and efficient the management is in utilizing economic resources."
- ROE: "measure of a company's annual return (net income) divided by the value of its total shareholders' equity, expressed as a percentage."
- ROCE: "measures how efficiently a company is using its capital to generate profits" (Corporate Finance Institute, n.d.).

Graph 11: Return of Assets and Return on Equity



Source: Finance department. Own elaboration.

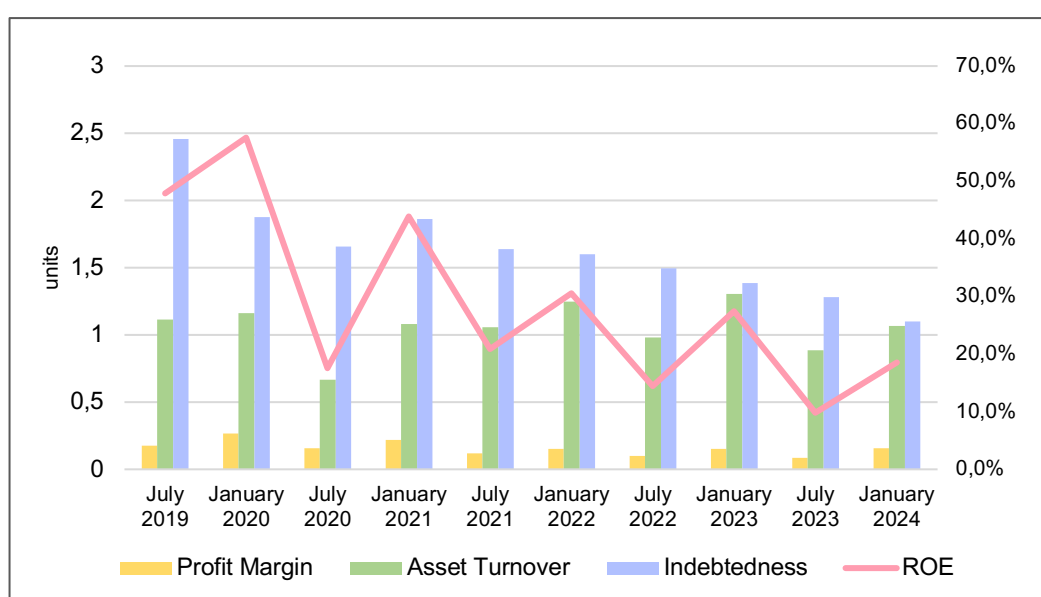
From the above graph, it can be understood that there is a progressive decline in the company's profitability growth, which coincides with the decrease in the rise of net income analyzed before. Return on Equity and Return on Assets are indicators of the company's corporate health, and both show the company's ability to produce a profit. However, while the ROE shows if the company's value is growing and at what rate, the ROA show how much profit the company makes with its assets. A decreasing growth rate of these two ratios shows that the company is reducing its capacity to raise its value and its profit. In the long term, this tendency can lead to the liquidation of the

company, as if the company continues to reduce the growth of its value and its ability to make a profit, at some point there would be a negative decreasing rate of ROA and ROE. Therefore, the value of the company will be minimal, and its expenses will exceed its income which would incur losses. Furthermore, the Return on Capital employed it has also a decreasing trend, which implicates that the company requires more and more capital to be able to generate profits. Similar to the ROE and ROA, the decreasing ROCE is also showing that the corporate health of the company is compromised.

4.3.8 DuPont Pyramid.

As mentioned in the previous section, DuPont's model breaks down the return on equity (ROE) into its three components, profit margin, asset turnover, and debt ratio (indebtedness). Therefore, it is a very powerful tool to study the reason behind the decline of Coria's Ltd. return on equity and to seek ways to improve it.

Graph 12: Return on Equity (DuPont Pyramid)



Source: Finance department. Own elaboration.

The graph above, as well as the one recently analyzed, illustrates how the company's ROE decreases significantly throughout the simulation. This behavior compromises the company's financial health as its ability to generate value and profit diminishes. As shown in the graph, this result is mainly a consequence of the variations in the asset turnover. In fact, the biggest drop in the ROE was in July 2020, which coincides with a large drop in asset turnover caused by the fall of the sales. In addition, the continuous

decline in the profit margin also causes this reduction in ROE. On the other hand, the company's level of debt is reduced over time. Hence, as can be seen in the graph and as explained in more detail in previous sections, Coria Ltd. significantly reduces its use of external financing. This decrease in indebtedness implies that the risk of insolvency decreases, but conversely, a too low value also entails inefficiency in creating value for shareholders. Therefore, it can be said that the decrease in Coria's Ltd. return on equity is a consequence of variations in all three of its components.

4.4 Conclusions.

Once the results obtained have been analyzed, the CFO will proceed to review whether or not the objectives established by the financial department have been met, and, if they have not been fulfilled why not. The first objective established was to improve the ROE, ROA, and ROCE of the company, however, this result was not reached. Although it is true that the company experiences positive growth throughout the entire simulation, the growth is decreasing over time which in the long term could compromise the company's financial and economic health. The second objective was to invest in real assets, which was done every time the company needed new machinery. The third objective was to ensure that the company had enough liquidity to handle unexpected payments. At no point in the simulation, the company experienced a liquidity problem, however, it was necessary to negotiate several loans and delay a few payments with suppliers in order to meet certain commitments. In addition, the CFO mismanaged the company's cash flow during the last three periods of the simulation, resulting in excess liquidity which led to losing potential returns and the raise of idle assets. Consequently, during these last periods the fourth objective established, cash management, has not been achieved. Furthermore, the company accomplished the targets of securing the balance of the assets, and gradually reducing its debt. In fact, through the middle of the simulation, the company is using its equity as the main source of financing, and by January 2024 debt was reduced by almost 80%. This implies that the next objective set, to ensure the financial and economic health of the company has also been accomplished. However, the last objective, increase profit margin and control expenses has not been accomplished as net income rise in a lower scope than sales. One can, therefore, consider the management of the department made by the student to be appropriate as nearly all the established objectives have been fulfilled. It is only

at the end of the simulation when the conservative approach of the CFO causes poor management of the cash and thus a loss of possible profits.

As for my personal experience with this thesis and with the simulator, it has been rewarding. However, I have to say that at first the idea of doing the final thesis in a group and through a simulation did not appeal to me at all. Nonetheless, after several sessions with the simulation, I got used to the idea and in the end, I enjoyed it. Moreover, I must say that thanks to this approach of the final thesis I have not only improved and put into practice the knowledge I have been acquiring throughout the four years of my studies, but also I have learned to make decisions and, most importantly, to work in a team. Hence, the thesis has required me to gather and analyze a large amount of financial information to later communicate the most important ideas obtained to the rest of my partners in the team, with the aim to make the best decisions and take over the market. Therefore, it can be said that all the aims of the thesis have been met.

Nevertheless, even though thanks to the simulator the final thesis has become more enjoyable and entertaining, I find its composition more challenging, since it is not only about research, but the student must also put the research into practice in order to analyze the results obtained and make future decisions. Furthermore, there are certain decisions of the simulator that are fixed such as the payment policy of customers or financial investments, which as the CFO of Coria Ltd. I wish I could have managed as well. In this line, there is some financial information that cannot be obtained from the simulator; thus it is not possible to conduct all the financial analysis tools desired as is the case of the Economic Value Added or the Market Value Added.

In conclusion, I would do the simulator again as part of my final degree project as it not only provides greater knowledge about a functional area of a company, but it also allows the student to develop very necessary skills in the workplace such as decision making, analysis of company data, communication of information, ideas, problems and solutions to a working group, and most importantly, to work in a team. Therefore, it can be said that the objectives set for the final thesis have been accomplished.

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6 Annexed.

Annexed 1: Balance Sheet

ASSETS	2024-January-01	2023-July-01	2023-January-01	2022-July-01	2022-January-01	2021-July-01	2021-January-01	2020-July-01	2020-January-01	2019-July-01
NON-CURRENT ASSETS	88.381.791	89.407.415	78.735.811	77.936.664	70.173.206	46.387.327	43.611.656	33.041.406	13.634.779	14.897.611
Intangible Assets	61.414.019	58.041.923	57.107.327	55.797.731	50.113.135	32.171.690	27.510.104	15.053.937	0	0
Development	90.046.461	81.046.461	75.046.461	69.046.461	59.046.461	37.414.613	30.414.613	16.057.533	0	0
- Accumulated depreciation	-28.632.441	-23.004.537	-17.939.134	-13.248.730	-8.933.326	-5.242.922	-2.904.509	-1.003.595	0	0
Material fixed Assets	26.967.771	31.365.492	21.628.484	22.138.933	20.060.071	14.215.636	16.101.552	17.987.469	13.634.779	14.897.611
Land and buildings	4.000.000	4.000.000	4.000.000	4.000.000	4.000.000	4.000.000	4.000.000	4.000.000	4.000.000	4.000.000
- Accumulated depreciation	-533.333	-484.848	-436.363	-387.878	-339.393	-290.909	-242.424	-193.939	-145.454	-96.969
Technical facilities and other material fixed assets	39.905.990	39.466.507	27.587.542	28.750.586	27.212.932	18.054.460	18.054.460	18.054.460	12.208.928	12.208.928
- Accumulated depreciation	-16.404.885	-11.616.166	-9.522.694	-10.223.774	-10.813.466	-7.547.914	-5.710.483	-3.873.051	-2.428.694	-1.214.347
Long-term financial investments	0	0	0	0	0	0	0	0	0	0
CURRENT ASSETS	151.711.407	139.977.648	145.485.747	103.528.464	97.324.017	79.087.610	70.671.598	33.452.527	48.696.630	27.368.526
Stock	19.552.069	35.495.518	15.677.447	57.800.768	53.276.931	42.473.959	51.952.832	5.280.156	0	0
Raw material and other supplies	0	0	0	0	0	0	0	0	0	0
Work-in-progress products	0	0	0	0	0	0	0	0	0	0
Finished products	19.552.069	35.495.518	15.677.447	57.800.768	53.276.931	42.473.959	51.952.832	5.280.156	0	0
Clients by sales	41.793.002	33.536.179	44.151.441	28.524.521	30.435.161	21.125.843	16.278.870	7.163.123	10.123.948	7.856.968
Short-term financial investments	0	0	0	0	0	0	0	0	0	0
Treasury	90.366.335	70.945.950	85.656.858	17.203.174	13.611.924	15.487.808	2.439.895	21.009.247	38.572.682	19.511.558
TOTAL ASSETS	240.093.199	229.385.063	224.221.559	181.465.129	167.497.223	125.474.937	114.283.254	66.493.934	62.331.410	42.266.138
EQUITY AND LIABILITIES	240.093.199	229.385.063	224.221.559	181.465.129	167.497.223	125.474.937	114.283.254	66.493.934	62.331.410	42.266.138
NET EQUITY	218.658.176	179.043.253	161.661.595	121.507.388	104.576.648	76.602.679	61.358.019	40.073.770	33.252.144	17.188.789
Capital	9.000.000	9.000.000	9.000.000	9.000.000	9.000.000	9.000.000	9.000.000	9.000.000	9.000.000	9.000.000
Results from previous periods	170.043.253	152.661.595	112.507.388	95.576.648	67.602.679	52.358.019	31.073.770	24.252.144	8.188.789	-48.484
Period result	39.614.923	17.381.658	40.154.207	16.930.739	27.973.969	15.244.659	21.284.248	6.821.625	16.063.355	8.237.274
NON-CURRENT LIABILITIES	16.143.856	22.563.019	26.731.379	21.933.016	14.180.235	10.817.516	7.972.752	5.767.633	6.544.930	5.000.000
Long-term debt with credit institutions	16.143.856	22.563.019	26.731.379	21.933.016	14.180.235	10.817.516	7.972.752	5.767.633	6.544.930	5.000.000
CURRENT LIABILITIES	5.291.166	27.778.790	35.828.584	38.024.723	48.740.339	38.054.742	44.952.483	20.652.530	22.534.334	20.077.349
Short-term debt with credit institutions	0	0	0	0	0	0	0	0	0	0
Commercial creditors and other accounts payable	5.291.166	27.778.790	35.828.584	38.024.723	48.740.339	38.054.742	44.952.483	20.652.530	22.534.334	20.077.349
Suppliers of fixed assets	0	0	0	0	0	0	0	3.886.042	0	0
Suppliers of raw materials	5.291.166	27.778.790	35.828.584	38.024.723	48.740.339	38.054.742	44.952.483	16.766.487	22.534.334	20.077.349
Distributors	0	0	0	0	0	0	0	0	0	0
TOTAL EQUITY AND LIABILITIES	240.093.199	229.385.063	224.221.559	181.465.129	167.497.223	125.474.937	114.283.254	66.493.934	62.331.410	42.266.138

Annexed 2: Income Statement

CONTINUING OPERATIONS	2024-January-01	2023-July-01	2023-January-01	2022-July-01	2022-January-01	2021-July-01	2021-January-01	2020-July-01	2020-January-01	2019-July-01
Net turnover of business figures	250.758.013	201.217.075	264.908.647	171.147.130	182.610.971	126.755.058	97.673.220	42.978.740	60.743.690	47.141.813
Changes in inventory of finished and work-in-progress products	-15.943.449	19.818.071	-42.123.321	4.523.837	10.802.972	-9.478.874	46.672.676	5.280.157	0	0
Supplies	-103.973.065	-109.251.255	-87.869.797	-81.527.036	-88.411.341	-50.126.691	-83.405.775	-21.343.333	-22.534.335	-20.077.349
Consumption of raw materials and other consumable supplies	-103.973.065	-108.353.490	-87.869.797	-81.527.036	-88.880.742	-50.126.691	-74.619.362	-21.343.333	-22.534.335	-20.077.349
Work carried out by other companies	0	-897.764	0	0	-4.530.598	0	-8.786.413	0	0	0
Staff costs	-23.125.030	-23.351.523	-16.911.424	-16.911.424	-17.398.889	-11.148.645	-11.079.637	-7.502.400	-8.065.080	-8.213.343
Wages, salaries and social security contributions	-23.125.030	-21.755.357	-16.911.424	-16.911.424	-16.579.828	-11.148.645	-10.823.928	-7.502.400	-8.065.080	-8.065.080
Recruitment costs	0	-94.143	0	0	-90.485	0	-70.489	0	0	-148.263
Severance pay	0	0	0	0	0	0	0	0	0	0
Training	0	-1.502.023	0	0	-728.576	0	-185.220	0	0	0
Other operating expenditure	-41.671.858	-52.768.423	-51.841.285	-44.024.218	-41.479.095	-30.416.291	-16.384.674	-7.297.139	-6.467.478	-6.147.630
Distribution	-7.130.310	-7.338.140	-6.773.271	-6.349.097	-5.913.863	-5.380.074	-4.693.764	-1.367.600	-1.651.647	-1.410.173
Advertising	-26.400.000	-37.900.000	-38.900.000	-28.500.000	-26.020.000	-19.000.000	-6.100.000	-1.500.000	-1.362.168	-1.340.000
Storage	-68.063	-70.269	-35.384	-147.864	-122.270	-88.612	-120.829	-34.266	0	0
Information	-670.868	-230.460	0	-1.622.910	-604.749	-91.926	-518.420	-209.020	0	0
Customer service	-1.765.274	-1.728.450	-1.769.820	-1.836.542	-2.839.434	-1.552.331	-825.552	-815.178	0	0
Administration	-1.896.319	-1.864.444	-1.803.379	-1.770.951	-1.473.067	-1.283.409	-1.141.421	-975.705	-963.755	-948.071
Energy supplies	-3.741.024	-3.636.659	-2.559.432	-3.796.853	-4.505.712	-3.019.938	-2.984.688	-2.395.369	-2.489.908	-2.449.386
Depreciation of fixed assets	-10.465.108	-9.849.870	-8.049.394	-7.813.959	-7.004.441	-4.224.330	-3.786.830	-2.496.437	-1.262.832	-1.262.832
Development	-5.627.904	-5.065.404	-4.690.404	-4.315.404	-3.690.404	-2.338.413	-1.900.913	-1.003.596	0	0
Buildings	-48.485	-48.485	-48.485	-48.485	-48.485	-48.485	-48.485	-48.485	-48.485	-48.485
Technical facilities and other material fixed assets	-4.788.719	-4.735.981	-3.310.505	-3.450.070	-3.265.552	-1.837.432	-1.837.432	-1.444.357	-1.214.347	-1.214.347
Results of asset disposals	0	-1.011.097	-1.805.213	-1.520.852	0	0	0	0	0	0
OPERATING RESULT (EBIT)	55.579.504	24.802.979	56.308.213	23.873.478	39.120.178	21.360.227	29.688.980	9.619.588	22.413.965	11.440.659
Financial income	0	0	0	0	0	0	0	0	0	0
Returns from long-term financial investments	0	0	0	0	0	0	0	0	0	0
Financial expenses	-558.777	-661.787	-538.481	-358.562	-267.442	-187.089	-127.524	-145.107	-103.750	0
Interest on long-term debt with credit institutions	-558.777	-661.787	-538.481	-358.562	-267.442	-187.089	-127.524	-145.107	-103.750	0
Interest on short-term debt with credit institutions	0	0	0	0	0	0	0	0	0	0
Variation of the fair value of financial instruments	0	0	0	0	0	0	0	0	0	0
FINANCIAL RESULT	-558.777	-661.787	-538.481	-358.562	-267.442	-187.089	-127.524	-145.107	-103.750	0
PRE-TAX RESULT	55.020.727	24.141.192	55.769.732	23.514.916	38.852.736	21.173.139	29.561.456	9.474.480	22.310.215	11.440.659
Taxes on profits	-15.405.803	-6.759.534	-15.615.525	-6.584.176	-10.878.766	-5.928.479	-8.277.208	-2.652.854	-6.246.860	-3.203.385
RESULT OF THE FISCAL YEAR	39.614.923	17.381.658	40.154.207	16.930.739	27.973.970	15.244.660	21.284.249	6.821.626	16.063.355	8.237.275

Annexed 3: Cash Flow Statement

	2024-January-01	2023-July-01	2023-January-01	2022-July-01	2022-January-01	2021-July-01	2021-January-01	2020-July-01	2020-January-01	2019-July-01
CASH FLOW OF OPERATING ACTIVITIES (I)	35.279.032	10.990.022	74.309.076	12.936.738	25.551.716	17.203.150	-2.531.349	1.230.885	17.516.194	21.720.487
Result before taxes	55.020.727	24.141.192	55.769.732	23.514.916	38.852.736	21.173.139	29.561.456	9.474.480	22.310.215	11.440.659
Adjustments to results	11.023.885	11.522.754	10.393.088	9.693.373	7.271.883	4.411.419	3.914.354	2.641.545	1.366.582	1.262.832
Depreciation of fixed assets	10.465.108	9.849.870	8.049.394	7.813.959	7.004.441	4.224.330	3.786.830	2.496.437	1.262.832	1.262.832
Results of fixed asset disposals	0	1.011.097	1.805.213	1.520.852	0	0	0	0	0	0
Financial income	0	0	0	0	0	0	0	0	0	0
Financial expenses	558.777	661.787	538.481	358.562	267.442	187.089	127.524	145.107	103.750	0
Variation of the fair value of financial instruments	0	0	0	0	0	0	0	0	0	0
Changes in capital flow	-14.800.999	-17.252.603	24.300.262	-13.328.812	-9.426.694	-2.265.840	-27.602.427	-8.087.179	190.006	12.220.380
Stock	15.943.449	-19.818.071	42.123.321	-4.523.837	-10.802.972	9.478.874	-46.672.676	-5.280.157	0	0
Clients by sales	-8.256.823	10.615.262	-15.626.920	1.910.640	-9.309.319	-4.846.973	-9.115.747	2.960.825	-2.266.980	-7.856.969
Suppliers of raw materials and distributors	-22.487.624	-8.049.794	-2.196.139	-10.715.615	10.685.597	-6.897.741	28.185.996	-5.767.847	2.456.986	20.077.349
Other cash flow of operating activities	-15.964.581	-7.421.321	-16.154.006	-6.942.739	-11.146.208	-6.115.568	-8.404.732	-2.797.962	-6.350.610	-3.203.385
Interest payments	-558.777	-661.787	-538.481	-358.562	-267.442	-187.089	-127.524	-145.107	-103.750	0
Interest charges	0	0	0	0	0	0	0	0	0	0
Payments of tax on profits	-15.405.803	-6.759.534	-15.615.525	-6.584.176	-10.878.766	-5.928.479	-8.277.208	-2.652.854	-6.246.860	-3.203.385
CASH FLOW OF INVESTMENT ACTIVITIES (II)	-9.439.483	-21.532.571	-10.653.754	-17.098.269	-30.790.320	-7.000.000	-18.243.123	-18.017.022	0	-12.208.929
Investment payments	-9.439.483	-21.765.007	-11.105.057	-17.478.482	-30.790.320	-7.000.000	-18.243.123	-18.017.022	0	-12.208.929
Intangible assets	-9.000.000	-6.000.000	-6.000.000	-10.000.000	-21.631.848	-7.000.000	-14.357.080	-16.057.533	0	0
Material fixed assets	-439.483	-15.765.007	-5.105.057	-7.478.482	-9.158.472	0	-3.886.043	-1.959.489	0	-12.208.929
Other financial assets	0	0	0	0	0	0	0	0	0	0
Payments received from disinvestments	0	232.436	451.303	380.213	0	0	0	0	0	0
Material fixed assets	0	232.436	451.303	380.213	0	0	0	0	0	0
Other financial assets	0	0	0	0	0	0	0	0	0	0
CASH FLOW OF FINANCING ACTIVITIES (III)	-6.419.163	-4.168.360	4.798.362	7.752.781	3.362.720	2.844.764	2.205.119	-777.298	1.544.931	5.000.000
Payments received and made on financial liability instruments	-6.419.163	-4.168.360	4.798.362	7.752.781	3.362.720	2.844.764	2.205.119	-777.298	1.544.931	5.000.000
0	0	0	8.000.000	10.000.000	5.000.000	4.000.000	3.000.000	0	2.000.000	5.000.000
Return and depreciation of debt to credit institutions	-6.419.163	-4.168.360	-3.201.638	-2.247.219	-1.637.280	-1.155.236	-794.881	-777.298	-455.069	0
19.420.386	-14.710.909	68.453.685	3.591.250	-1.875.885	13.047.913	-18.569.353	-17.563.435	19.061.124	14.511.558	
Cash or equivalent at the beginning of the period	70.945.950	85.656.859	17.203.174	13.611.924	15.487.809	2.439.895	21.009.248	38.572.683	19.511.558	5.000.000
Cash or equivalent at the end of the period	90.366.336	70.945.950	85.656.859	17.203.174	13.611.924	15.487.809	2.439.895	21.009.248	38.572.683	19.511.558